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NoorderRuimte

Improving the Business Succession Rate

of SMEs in Oldambt, the Netherlands



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Abstract

NoorderRuimte observed a low business succession rate for small and medium-sized enterprises (SMEs) in Oldambt, the Netherlands caused by the current demographic, behavioural, and economic development. This research identified which measures local business owners and Oldambt's Municipality could take to increase the SMEs' business succession rate in Oldambt gradually. It contributes to the existing literature of the business succession process and practical implications.

Firstly, this research analysed recent developments in Oldambt. After reviewing the literature and constructing the theoretical framework with four business succession process stages leading to a successful business succession process and four governmental measures leading to support of Oldambt's Municipality, 16 structured interviews with business owners and three semi-structured interviews with members of the Municipality were conducted.

The results indicate that Oldambt's business owners set ground rules and first steps, do not recognise the importance of successor training, select a successor, but initiate the hand-off rather late. Oldambt's Municipality supports start-ups more than business transfers, has no transparent market, has indirect contact with business owners, has an advanced educational system but little appreciation for businesses.

Based on the results, Oldambt's business owners should set a timeframe and an ownership partition plan, emphasise closing the gaps between the successor's abilities and the company's needs, establish a binding succession plan and implement a performance bridge. Oldambt's Municipality should equalise the support for start-ups and business transfers, should implement a transfer-friendly tax system, a transparent market and a service for timely succession preparation and involve more with business owners.

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Executive Summary

The Knowledge Centre NoorderRuimte conducts practice-oriented research into the built environment in the Northern Netherlands. In Oldambt, a region in the northeast of the province Groningen, it was observed that the current demographic, behavioural and economic development causes a low business succession rate for small and medium-sized enterprises (SMEs). To overcome the indicated problem, the objective of this research is to investigate which actions business owners and the Oldambt Municipality could take to increase the SMEs' business succession rate in Oldambt gradually.

The secondary research is conducted firstly by reviewing highly related literature, which resulted in the theoretical framework for successful business succession, comprised of essential factors for the successful business succession process – ground rules and first steps, training of the successor(s), selection of the successor(s) and hand-off, and essential concepts for the Municipality's support regarding the business succession process – financial condition, transparent market, communication, and education.

To investigate which measures Oldambt's business owners and the Oldambt Municipality could take to increase the SMEs' business succession rate, structured interviews were conducted with 16 SME business owners, and semi-structured interviews were conducted with three members of the Municipality.

The results of the primary research indicate that most business owners set ground rules and first steps, and do not recognise the importance of successor training. A reasonable number of business owners already selected a successor, but they initiate the hand-off rather late. Thus, the researcher recommends setting a timeframe and having an idea about an ownership partition plan already in the first stage. More emphasis must be put on closing the gaps between the successor's abilities and the company's needs, and on establishing a binding succession plan. Also, a performance bridge should be implemented for the business to transition smoothly. The Municipality currently provides better financial support for start-ups than for business transfers. There is no transparent market for business transfers, and the communication system only allows to contact entrepreneurs indirectly. Oldambt's educational system performs very well, but the appreciation for businesses within the community is low. Hence, it is recommended to equalise support for start-ups and business transfers and to commit to a transfer-friendly tax system. A database where business owners can communicate with potential successor anonymously and free of charge, as well as a reminder service for a timely succession preparation should be implemented. Additionally, business owners should get more involved in discussions that affect their way of doing business.

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Glossary

DIHK:	The association of German Chambers of Industry and Commerce (German: Deutsche Industrie- und Handelskammer – DIHK) represent the interest of companies of all sizes and from all sectors within Germany. All commercial companies in Germany are members of their Chamber of Commerce and Industry (CCI). There are 79 CCIs in Germany, which are all members of the DIHK. Together, the association is committed to ensuring framework conditions which promote growth and prosperity, such as freedom and competition, open markets, a stable currency, good education and good infrastructure (DIHK, 2018b).
European Commission (EC):	The European Commission (EC) is the executive of the European Union (EU) and plays an active role in developing the EU's overall strategy and in designing and implementing EU policies. Thus, it takes decisions on the Union's political and strategic direction (EC, 2019).
FOB:	A family-owned business (FOB) is a business which is actively owned and managed by at least 25 per cent by more than one member of the same family (EC, 2016).
IHKN:	Chambers of Industry and Commerce in Lower Saxony, Germany (German: Industrie- und Handelskammer Niedersachsen – IHKN)
Small and medium-sized enterprises (SME):	SMEs are defined in terms of staff headcount, turnover and balance sheet total. Medium-sized enterprises (50-249 employees) should not exceed a turnover of EUR 50 million or a balance sheet of EUR 43 million. Small enterprises (10-49 employees) should not exceed a turnover of EUR 10 million or a balance sheet of EUR 10 million and micro firms (less than 10 employees) should not exceed a turnover of EUR 2 million or a balance sheet of EUR 2 million (EC, 2017b).
Waarstaatjegemeente (WSJG):	Waarstaatjegemeente.nl is an independent website that compares all Dutch Municipalities based on various themes such as youth assistance, finances and sustainability (WSJG, 2019f).

1. Introduction

“Share your talent. Move the world.” This is the philosophy of Hanze University of Applied Sciences, Groningen (2019). One important aspect of this is contributing to society. This research contributes to the society in Oldambt, a region in the northeast of the province Groningen in the Netherlands by addressing the issue of a low business succession rate. This chapter starts with the introduction of the Knowledge Centre NoorderRuimte, including the company’s services, mission, and collaborations. An insight into Oldambt’s demographic, behavioural, and economic development explains the region’s problem regarding business succession and the need for this study. Moreover, the objective and research questions are clearly stated, and a preview of the rest of the report is provided.

1.1 Background of this Study

The Knowledge Centre NoorderRuimte conducts practice-oriented research into the built environment in the Northern Netherlands, focusing on Earthquakes, Transitions, Sustainability, and Health & Welfare. Within NoorderRuimte, lecturers, researchers, students, and professionals collaborate to work together on current research and societal issues. The Centre recognises the challenges in its region and uses its knowledge and experience to formulate an integrated response to the consequences together with residents, organisations, and governments. NoorderRuimte wants to further strengthen the quality of the region with creative and innovative (re)designs. In this way, NoorderRuimte aims to contribute to a smart and strong regional economy. Moreover, the Centre is looking across borders and cooperates with several institutes in Northern Germany, including the Chamber of Commerce and Industry in Emden and the University of Applied Sciences Emden/ Leer. Besides, the company cooperates with several international universities such as the universities of Auckland, Copenhagen, and Leicester. NoorderRuimte sees their research and their associated results as an opportunity for society to learn together permanently and sustainably (bNR, 2018).

1.2 Problem Statement and the Need for the Study

Among the four themes that NoorderRuimte handles, this research focuses on Transitions in Oldambt, specifically, how a business succession of small and medium-sized enterprises (SMEs) can be supported. There are several reasons to investigate this topic, which all contribute to solving the region’s existing problem. Section 1.2.1 to 1.2.3 explain “why” this topic and section 1.2.4 to 1.2.5 conclude this sub-chapter.

1.2.1 Oldambt's ageing population

According to the European Commission (EC), Europe's population is ageing, and therefore, more businesses will have to be transferred to new owners (EC, 2006). Devins and Jones (2015) argue that succession will become a larger issue over the next few years as the 'baby boomer' generation reaches retirement age. In 2014, a family business questionnaire conducted by PricewaterhouseCoopers (PwC), an international assurance, tax, and advisory company, revealed that the demographics in the Netherlands would lead to an upcoming pool of successions (PwC, 2014).

In the Municipality of Oldambt, which is the location of this research, the demographic pressure is increasing steadily, as there are more older people than younger people, and the average age is rising. Table 1.1 indicates that during the time from 2008 to 2018, the group of people aged 55 years or older increased by 6.4 per cent in Oldambt, compared to 4.8 per cent in the whole Netherlands. Within the same timeframe, the group of people aged 54 and younger decreased by 6.3 per cent in Oldambt, compared to a decline of 5.1 per cent in the whole Netherlands (WSJG, 2019a). In 2018, the ratio between the number of people aged 65 or older and the number of people aged 15 to 65 in Oldambt reached 38.4 per cent, compared to a national average of 29 per cent, see Appendix A (WSJG, 2019b). Consequently, Oldambt will experience more business successions, and there will be fewer young people to take over businesses, compared to the whole Netherlands.

Age group (years)	Oldambt 2008 (N)	Oldambt 2018 (N)	Oldambt 2008 (%)	Oldambt 2018 (%)	Netherlands 2008 (%)	Netherlands 2018 (%)
0-54	32,909	28,499	67.1	60.8	72.9	67.8
55-64	5,847	5,872	14.8	15.4	12.7	13.3
65-74	3,742	5,301	9.4	13.9	8.0	10.9
75-84	2,500	2,723	6.3	7.2	5.0	5.8
85+	945	1,051	2.4	2.8	1.7	2.2

Table 1.1: Inhabitants per age group for the years 2008 and 2018

Note. Information derived from WSJG (2019a).

1.2.2 Insufficient succession planning

In 2006, the EC identified that in the past, businesses were usually transferred inside the family and mostly went smoothly. However, nowadays, younger generations have wider accessibility of education and broader options than that of continuing a family business. Additionally, people have fewer children, and the competitive environment requires higher entrepreneurial skills. Therefore, senior entrepreneurs have a lower chance of finding successors within the family. For these reasons, the EC

(2006) believes that in the future, there will be more business transfers to third parties, even though it is not easy to find a successor outside the family.

PwC (2014) recognised insufficient succession planning as the primary reason the transfer of businesses fails. Additionally, the availability of finance and the tax treatment threatens the capital structure at succession. Even though succession plans can increase the likelihood of a smooth and effective succession, business owners rarely outline their future succession (Sharma, Chua & Chrisman, 2000; Astrachan & Kolenko, 1994). Lansberg (1988) investigated that most stakeholders in family-owned businesses (FOBs) are psychologically ambivalent towards succession planning. The incumbents are resistant to succession planning because it implies letting go of power. Family members avoid planning due to fear of identity loss, harmony, and privacy. Senior managers, having worked along with incumbent for several years, are reluctant to transform the personal relationship with the incumbent to a more formal one (Sharma et al., 2000; Kets de Vries, 1993). PwC (2014) found evidence that emotional barriers lead to insufficient succession planning in the Netherlands. More than 87 per cent of FOB incumbents indicated that they struggle with emotional barriers at the transfer of their company. Also, more than 75 per cent of FOB incumbents only announced their departure two years in advance, and 25 per cent of former CEOs had only announced this at the last minute. Consequently, succession is barely planned or not planned at all.

1.2.3 Economic relevance

The EC (2006) identified that business transfers often fail because of problems in the succession process. In these cases, besides economic stressors like losing jobs and diminished economic growth, also intellectual capital such as knowledge, established contacts and other intangible assets are destroyed, jobs are lost, and economic growth is reduced. This research is targeted at small and medium-sized enterprises (SMEs), which represent 99 per cent of all businesses in Europe (EC, 2017b). SMEs are defined in terms of staff headcount, turnover, and balance sheet total. Medium-sized enterprises (50-249 employees) should not exceed a turnover of EUR 50 million or a balance sheet of EUR 43 million. Small enterprises (10-49 employees) should not exceed a turnover of EUR 10 million or a balance sheet of EUR 10 million and micro firms (less than 10 employees) should not exceed a turnover of EUR 2 million or a balance sheet of EUR 2 million (EC, 2017b).

In Europe, it is safe to say that more successful business transfers will have a beneficial effect on the economy. This is, for example, because on average, an existing company employs five employees, whereas a start-up hires two employees. Besides, the success rate of business transfers is higher than that of start-ups. Since transfers and start-ups are equally important to the EU economy, the EC

(2017a) believes that they should also be supported equally. PwC (2014) investigated that in the Netherlands, succession is a little-acknowledged issue, yet a real risk. Business transfers are important for the Dutch economy. An estimate of 23,000 transfers is recorded annually in the Netherlands, involving many jobs as well as revenue and equity. In regions that already suffer from economic decline, the failure to transfer businesses is particularly damaging (EC, 2006). This applies to Oldambt because the total population was decreasing steadily from 39,606 in 2008 to 38,075 in 2018, see Appendix B (WSJG, 2019c). Despite an increase in the total number of business establishments in Oldambt from 2,450 in 2008 to 2,890 in 2018, see Appendix C (WSJG, 2019d), the retail industry and the recreation and tourism industry experienced a decline in establishments, see Appendix D (WSJG, 2019e). The EC (2006) identified the need to improve the economic environment and support measures for business transfers.

1.2.4 Problem Statement

To conclude section 1.2.1 to 1.2.3, it can be said that the current problems are that due to Oldambt's ageing population, the region will experience more business successions and there will be fewer young people to take over businesses, compared to the whole Netherlands. Also, there is a trend that successors have to be found outside the family because the competitive environment requires higher entrepreneurial skills to take over a business and young people have more opportunities nowadays than to take over their parents' business. Further, there is the problem that due to emotional barriers, business owners' succession planning tends to be insufficient. The failure to transfer a business usually leads to a loss of jobs, knowledge, and capital. The retail industry and the recreation and tourism industry experienced a decline in establishments. Since Oldambt's economy is already in decline, the failure to transfer businesses is particularly damaging. Nevertheless, business succession is still a little-acknowledged issue.

This current development indicates that Oldambt has the problem of a low business succession rate and needs to improve the economic environment and support measures for business transfers. Therefore, the problem statement of this study is the following:

Problem Statement: Oldambt has the problem that the current demographic, behavioural, and economic development causes a low business succession rate for SMEs.

In an attempt to find methods to improve the business succession rate in Oldambt, this report analyses to what extent business owners in Oldambt prepare for their succession, to what extent the Oldambt Municipality supports business owners with their succession and in what way both, the business owners and the Municipality, can improve their processes to improve the SMEs' business succession rate in Oldambt gradually.

1.2.5 The necessity of this study

Based on the above analysis, the researcher confirmed Oldambt's problem of a low business succession rate. Thus, this study aims to investigate how Oldambt can increase its business succession rate. As mentioned in section 1.2.1 to 1.2.4, there are several reasons why this research is necessary and why the business succession rate should be increased by holding senior entrepreneurs and the local Municipality responsible. The following three paragraphs summarise the necessity of this study as three points.

Firstly, with failed business transfers, many jobs, as well as revenue and equity, are lost, and economic growth is reduced. More successful business transfers will have a beneficial effect on the economy.

Secondly, with failed business transfers, intellectual capital such as knowledge, established contacts, and other intangible assets are destroyed. With successful business transfers, these values can be maintained.

Thirdly, the EC (2006) stated that the failure to transfer businesses is particularly damaging in regions that already suffer from economic decline. This applies to Oldambt because the Oldambt's total population is decreasing, and two of Oldambt's industries recorded an increasing number of business closures.

1.3 Objective

This graduation project helps entrepreneurs and the Municipality of Oldambt to understand the problem of a low business succession rate for SMEs.

To overcome the indicated problem above, the major objective of this study was to investigate which actions business owners and the Oldambt Municipality could take to increase the SMEs' business succession rate in Oldambt gradually. The specific aspects of business succession will be explained in the chapter of the literature review.

1.4 Research Questions

This section lists this research's main research question, as well as the sub-research questions.

1.4.1 Main Research Question

The main research question is consistent with the objective of this study, which was stated in section 1.3. Therefore, the main research question is the following:

Which measures could Oldambt's business owners and the Oldambt Municipality take to gradually increase the SMEs' business succession rate in Oldambt, the Netherlands?

1.4.2 Sub-Research Questions

1. Why does Oldambt have a low business succession rate?
2. What are the essential factors of the business succession process?
3. Which could be essential governmental measures that support business owners with their succession?
4. Which measures could Oldambt's business owners take to increase the SMEs' business succession rate?
 - 4.1 Which parts of the business succession process are being applied by business owners from Oldambt?
 - 4.2 What actions do business owners from Oldambt have to take to improve their business succession process?
5. Which measures could the Oldambt Municipality take to increase the SMEs' business succession rate?
 - 5.1 Which processes does the Oldambt Municipality have in place to support business owners with their succession?
 - 5.3 What actions does the Oldambt Municipality have to take to support business owners with their succession?
6. What actions could both, Oldambt's business owners and Oldambt's Municipality take to increase the SMEs' business succession rate gradually?

1.5 Structure of the Thesis

The structure of this thesis can be divided into three stages, which are “why”, “what” and “how”. The first chapter explained why the researcher chose this topic and why this research needed to be conducted. The Literature Review chapter presents “what”, which examines the definitions of the terms and highly related models. Based on previous models and related expert recommendations, the theoretical framework was formed, which can be found at the end of chapter 2. Chapter 3 presents the research methods of this research to explain “how” the research was conducted. After that, the findings and analysis are illustrated in chapter 4, where the differences between findings and previous researches are discussed. Then, chapter 5 concludes the main parts of this research and answers the sub-research questions four and five. Based on the conclusion, the research presents specific, measurable, achievable, realistic, and time-based recommendations for the entrepreneurs and the Municipality of Oldambt, answering the main research question.

2. Literature Review

This chapter aims to review the previous highly related literature and formulates a theoretical framework for successful business succession. Section 2.1 defines business succession, section 2.2 demonstrates the business succession process, and section 2.3 describes possible supporting measures from the Oldambt Municipality. Based on the critical review of the related factors and models, the theoretical framework was established in section 2.4.

2.1 Business succession

Business succession is defined as the passing of the leadership baton from the founder-owner or incumbent-owner to a successor, who will either be a family member or a non-family member, that is, a professional manager (Beckhard & Dyer, 1983). Successful succession is defined as the continuation of the business after the business transfer (Martin, Martin & Mabbett, 2002). The succession planning process includes all the actions and organisational mechanisms by which the leadership of the firm and ownership is transferred (Le Breton-Miller, Miller & Steier, 2004). Lansberg (1988) was the first to identify that the lack of succession planning is the single most important reason why an intergenerational transfer and succession in family-owned businesses (FOBs) fail. Succession is a widely researched topic, and there are several theoretical studies aimed at discovering the various determinants of superior succession performance (see Handler, 1994; Le Breton-Miller et al., 2004 for a detailed review of succession literature).

2.2 The business succession process

Most reviewed literature specialises in the succession process. Le Breton-Miller et al. (2004) argue that when looking into the succession process only, it would risk a de-contextualised, static, and deterministic view of the process. For this research, parts of the *Integrative Model for Successful FOB Successions* (Figure 2.1) are used, which considers that succession is complex, dynamic, and multifaceted.

The model separates the succession process into four stages which unfold in sequence and are each linked by feedback that can change behaviour. The first stage is about establishing ground rules. Here, a vision for the future business is created, a process for succession planning and monitoring is set up, and the range of candidates is determined. Furthermore, at this stage, rules for selection, guidelines for training, and roles of all parties in directing the process are established. Also, the establishment and communication of timing guidelines are an important component of this stage.

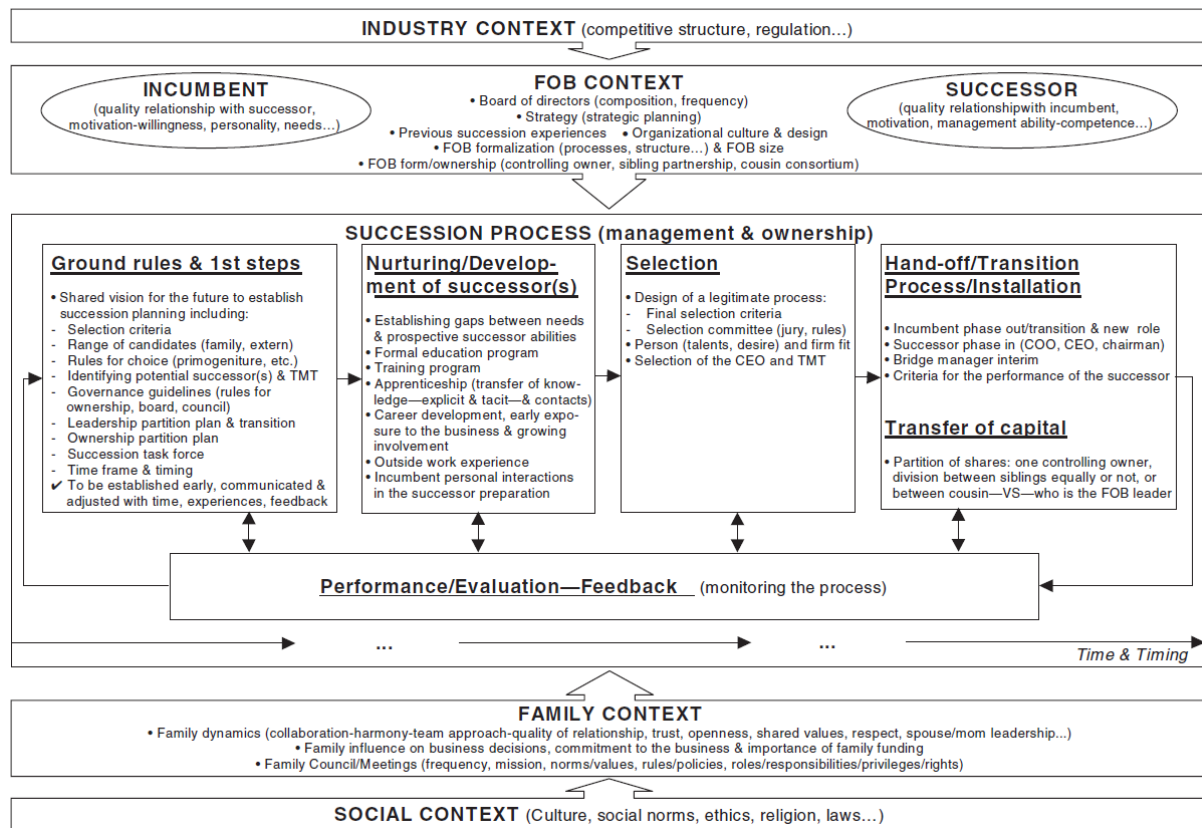


Figure 2.1: Integrative Model for Successful FOB Successions

Note. Information derived from Le Breton-Miller et al. (2004).

Shulman (1991) advocates that FOBs should start thinking about transferring ownership and managerial responsibility five to 20 years in advance; Dyck, Mauws, Starke & Mischke, (2002) and Davis (1992) express similar concerns. The second stage addresses nurturing and development of potential successors, including family members and non-family members. Here, the focus is on formal education, on the job training, career development, and outside work experience. Continuous performance monitoring is needed to determine which candidates perform the best and if training needs redirection. Goldberg's (1996) research confirms that business effectiveness is related to successor grooming by providing evidence that effective successors had more years of experience with the business than the less effective successors. The third stage concerns the selection. The rules of selection established in the first stage will be reviewed. A series of decisions will have to be made concerning who is in the running, for what position, for when and with what team. The fourth stage refers to the final hand-off to the chosen successor. Here, the transfer of capital between or within generations take place. Special attention must be given to the timing and nature of phasing out the incumbent, augmenting of the role of the new leader, and any decisions concerning potential bridge managers. Figure 2.1 indicates that all four stages in the business succession process are influenced by both the FOB and the family context. Both the FOB and the family context have not been considered

for this research because the scope of this study encompasses all SMEs in Oldambt, not only FOBs. The industry and the social context listed in Figure 2.1 are not addressed in this research because it would require extensive research that is not feasible in the given time frame.

Critical view

In the model illustrated in Figure 2.1, all context descriptions vary in the degree to which they can be controlled or manipulated by managers. The social and industry context is usually given, and constraints or directs the succession process. Besides, the FOB context can be both a constraint and a variable that can be influenced to improve the succession process (Le Breton-Miller et al., 2004). In terms of limitations of the model, it can be argued that the key stages of the succession process should have been visualised as a dialectic process rather than a linear process. A dialectic process is more open towards change and allows for multiple methods to achieve a successful business transfer (Whatley, 2011). Another limitation is that the model is already rather outdated. However, since the research from Le Breton-Miller et al. has been cited more than 850 times, it can still be considered relevant today.

Besides, the research is valid and reliable because the authors present emerging consensus on some of the elements that are expected to be important to successful FOB successions through 30 years of investigation and examination of more than 40 articles and seven books. In addition, the article is peer-reviewed and was published in the Journal of *Entrepreneurship Theory and Practice* (ETP), a leading scholarly journal in Entrepreneurship. In 2017, ETP had an impact factor of 5.321 and was ranked 16/140 in Business (Sage Publications, 2019a). This study evaluates to what extent Oldambt's business owners apply the stages presented in the succession process.

2.2.1 The Countdown for business succession

As an addition to the concept from Le Breton-Miller et al. (2004), the conclusions from the *Countdown for business succession* by the German Chamber of Industry and Commerce – DIHK (2018a) suggested the following timeframe:

- 1) About three to 10 years before the planned transfer, the owner should begin to make his company fit for the next generation of bosses.
- 2) Start looking for a successor no later than three years beforehand.
- 3) Start the process of transfer no later than 12 months before.
- 4) After the company has been handed over, the tension between the interests of the owner, family, successor, and the company must be resolved. The precautions must be taken long before (see 1).

Critical view

This *Countdown for business succession* is relevant because it provides clear, timely indications for the succession process, which made it easier to evaluate to what extent business owners in Oldambt are prepared for their succession. The basis for the DIHK statements are testimonials from IHK consultants of the 79 Chambers of Commerce and Industry (IHKs) for corporate succession and statistical analysis of the IHK service to company succession. Overall, the DIHK report on the corporate succession of 2018 is based on more than 23,000 contacts of IHK experts with senior entrepreneurs and people who are interested in taking over a company.

Moreover, after looking deeper into the research of the IHKs, a questionnaire by the IHK in Lower Saxony – IHKN (2017) was investigated. This questionnaire was answered by 545 entrepreneurs of all industries in 2017. It has been used in IHKN's annual succession report, which has a similar scope as this study because it provides practical recommendations for both the entrepreneurs and the local Government. However, it bases the recommendation only on the answers from the entrepreneurs and does not consider the Municipality's perspective. For this research, this questionnaire was adopted. Similar questions were asked to business owners in Oldambt. It investigates the business owners' preparedness for their succession and provides entrepreneurs with the opportunity to describe which challenges they face during the succession process, as well as where they have been looking for help.

Limitations of this concept are mainly that DIHK's *Countdown for business succession*, as well as IHKN's questionnaire, are mostly not based on theoretical concepts. However, it is valid and reliable because their research is based on large sample sizes, expert knowledge, and long-term experience in the field. There is a regional limitation because it applies to Germany and may not be completely applicable to Oldambt. Additionally, there is a language limitation because the research is available in German only. However, the information was easily translated into English.

2.3 Governmental measures for a successful business transfer

The European Commission (EC) argues that from a political perspective, more work is required to facilitate successful business transfers. Table 2.1 illustrates the recommendations from the EC (2006).

Concepts	Recommendations from the European Commission (EC)
Financial condition	<ul style="list-style-type: none"> On average, transferred businesses have a higher success rate and create more employment than start-ups. Thus, political attention needs to be given to both business transfers and start-ups. For every existing promotion for start-ups, it should be considered if the same promotion can be used for transfers.

	<ul style="list-style-type: none"> Start-up facilities, loans, guarantees, and similar should be available not only for start-ups but also for business transfers. The promotion of succession should consider that business transfers mostly require more financing than start-ups. This should include investments by local or regional funds.
	<ul style="list-style-type: none"> A transfer-friendly tax system should be implemented. It is recommended that (partial) income tax exemptions for the gains from the sale of a business are considered if the owner is approaching retirement age. Also, special relief for proceeds that are re-invested into another business or used to finance the retirement of the business owner must be addressed.
	<ul style="list-style-type: none"> The sale of businesses to employees needs to be further encouraged through tax exemptions for investments by employees in their own companies. Some countries implemented tax-favoured savings plans, share plans, and stock option plans.
Transparent market	<ul style="list-style-type: none"> The organisation of transparent markets for business transfers is recommended. The match between potential successors and incumbents should be encouraged by establishing and supporting impartial services for both parties. To assure ordered and well-structured transfers, such services must include a comprehensive mediation service.
Communication	<ul style="list-style-type: none"> Since many business transfer failures could be avoided through timely planning, the Member States should organise or support activities that remind business owners of the need for a timely succession preparation. For example, through the help of a Chambers of Commerce, personal emails could be sent to business owners above a certain age.
	<ul style="list-style-type: none"> Member States should actively promote and support mentoring schemes chamber of commerce and similar organisations. Important contact persons such as tax advisors, accountants, and banks should be involved in awareness raising campaigns.
	<ul style="list-style-type: none"> Appropriate structures need to be created to implement the recommendations broadly. Apart from reforms of laws and regulations, supporting infrastructure is needed to reach every business that is facing a transfer across Europe. For this, the Member States, their national, regional, and local administrations and business support organisations must create the right conditions. For successful business transfers, it is important to distribute information to administrators and support providers, training the trainers, the development of teaching material, tool kits, and many related activities.

Table 2.1: Recommendations from the European Commission

Note. Information derived from EC (2006).

Critical view

These recommendations are relevant for this research because they indicate how the business succession rate can be improved through the help of authorities. It provides valuable measures of how the Oldambt Municipality can improve its services to facilitate business succession. Limitations of this

concept are that it is mostly not based on theoretical frameworks. However, the information is valid and reliable because as an institution of the European Union (EU), the EC has long-term experience. The EC (2019) is an expert in the field because it is responsible for proposing legislation, implementing decisions, upholding the EU treaties, and managing the day-to-day business of the EU. Another limitation is the context; since the recommendations are broadly directed to all Member States of the EU, there might be refinement needed to apply the concept to the region of Oldambt.

2.3.1 Recommendations for action to the German Government

Next to the *Recommendations from the EC*, also the *Recommendations for action to the German Government* by the IHK in Lower Saxony – IHKN (IHKN, 2017) state that the Government is called upon to improve the framework conditions for business successions, see Table 2.2.

Concepts	Recommendations for action to the German Government
Financial condition	<ul style="list-style-type: none"> The Government should increase financial support for business transfers.
	<ul style="list-style-type: none"> Innovative start-ups and successions could activate more private equity if, for example, better tax loss offsetting options and a legal framework for investors would be created. Also, new regulations for banks should not restrict lending to SMEs.
	<ul style="list-style-type: none"> Funding programmes should be checked and summarised in framework guidelines. The local Government should critically examine and possibly discontinue programmes with small numbers of cases or low funding volumes as well as programmes that are offered in parallel by other institutions. Transparency for businesses could be improved by merging the remaining programmes into a few flexible framework directives.
Communication	<ul style="list-style-type: none"> The bureaucracy for start-ups and young companies should be reduced. The Federal Government and local authorities should further develop their digital services so that the founders can bundle as many steps as possible and complete them online.
Education	<ul style="list-style-type: none"> There should be more appreciation for entrepreneurship in economic policies, administration, and schools. This can be achieved through a more intensive dialogue between entrepreneurs on the one hand and schools, universities, governments, and administrations on the other hand. It facilitates the understanding of entrepreneurship and strengthens founders as well as existing companies.
	<ul style="list-style-type: none"> A sustainable start-up environment should be established through education. The IHKN argues that the topics of entrepreneurship and business should be taught from early on in school. Know-how, and interest in entrepreneurship increase start-up opportunities and lay the foundation for business succession.

Table 2.2: Recommendations for action to the German Government

Note. Information derived from IHKN (2017).

Critical view

These recommendations are relevant for this research because they complement the advice from the EC. For this research, the recommendations of section 2.3 and 2.3.1 can be summarised in the broad categories of financial condition, transparent market, communication, and education. Section 4.2 of the findings section analyses to what extent the Oldambt Municipality currently addresses these recommendations. Based on this, recommendations can be drawn about where the local authorities still have room for improvement regarding the support of business owners with their succession. The concept's limitations lie in the lack of theoretical basis. However, the IHKN is an expert in succession management due to long-term experience. Also, since the recommendations are directed towards the Government in Lower Saxony, it might not be completely applicable to the region of Oldambt. There are cultural and structural differences, but geographically Lower Saxony borders at Oldambt. The German language limitation can easily be overcome by translating to English.

2.4 Theoretical Framework

This research aims to investigate which actions business owners and the Oldambt Municipality could take to increase the SMEs' business succession rate in Oldambt gradually. The specific aspects of business succession were explained in the literature review. Accordingly, the main research question was formulated as:

Main RQ: Which measures could Oldambt's business owners and the Oldambt Municipality take to gradually increase the SMEs' business succession rate in Oldambt, the Netherlands?

To answer the main research question, the first step is to address the current situation regarding business succession in Oldambt. After that, the second step is to find a suitable theoretical framework to conduct research. Consequently, the first three sub-research questions are formulated as follows:

Sub-RQ 1: Why does Oldambt have a low business succession rate?

Sub-RQ 2: What are the essential factors of the business succession process?

Sub-RQ 3: Which could be essential governmental measures that support business owners with their succession?

To answer the first sub-research question, it has been identified in chapter 1.2 that Oldambt has an ageing population with a low chance of finding successors within the family. It has been established that succession is a little-acknowledged topic, and entrepreneurs' planning for succession is

insufficient. Furthermore, two of Oldambt's industries recorded a decline in establishments. The EC urges to improve the economic environment and support measures for business transfers within the EU. Moreover, to answer sub-research questions 2 and 3, the researcher compiled a structured literature review. Section 2.2 and 2.2.1 of the literature review address relevant models that discuss essential factors for a successful business succession process (Ground rules & 1st steps, Nurturing/Development of successor(s), Selection, and Hand-off/Transition Process/Installation). Section 2.3 and 2.3.1 examine essential governmental measures (financial condition, transparent market, communication, and education) that support business owners with their succession.

In light of this review, there is a need to structure a theoretical framework covering the essential factors of the business succession process to investigate whether Oldambt's senior entrepreneurs are applying these factors. This would benefit the researcher to ultimately provide recommendations to Oldambt's entrepreneurs about what actions they could take during the business succession process. Additionally, the theoretical framework needs to comprise the essential governmental measures that support business owners with their succession. This would enable the researcher to consult the Oldambt Municipality about possible improvements regarding the support for business owners with their succession.

Based on the literature review, Figure 2.2 illustrates the theoretical framework for successful business succession. Two sections were developed, the successful business succession process which addresses the entrepreneurs and the support from the Oldambt Municipality, which addresses the Municipality. For the section of the successful business succession process, the factors Ground rules & 1st steps, Nurturing/Development of successor(s), Selection and Hand-off/Transition Process/Installation were identified. For the section of the support of the Oldambt Municipality, the concepts financial condition, transparent market, communication, and education were determined.

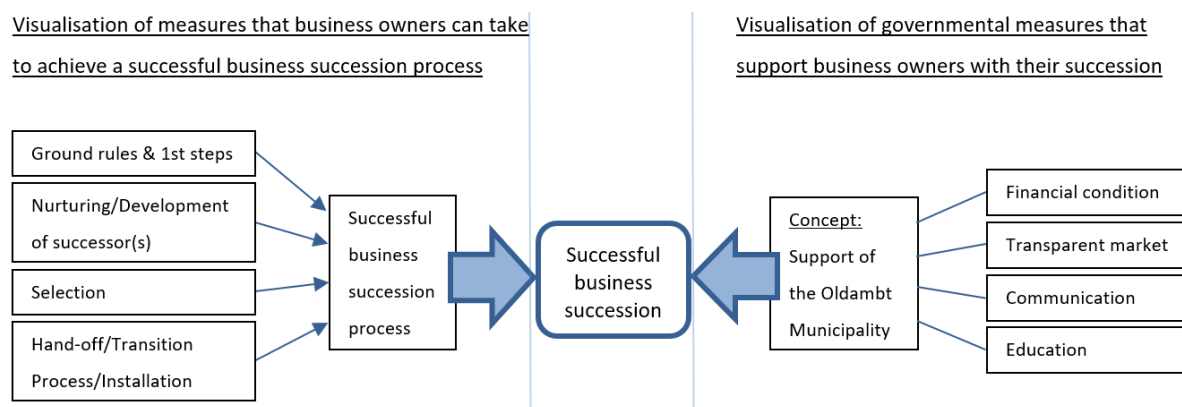


Figure 2.2: Theoretical Framework for successful business succession

By following the theoretical framework, the following Sub-RQ were answered:

Sub-RQ 4: Which measures could Oldambt's business owners take to increase the SMEs' business succession rate?

4.1: Which parts of the business succession process are being applied by business owners from Oldambt?

4.2: What actions do business owners from Oldambt have to take to improve their business succession process?

Sub-RQ 5: Which measures could the Oldambt Municipality take to increase the SMEs' business succession rate?

5.1: Which processes does the Oldambt Municipality have in place to support business owners with their succession?

5.3: What actions does the Oldambt Municipality have to take to support business owners with their succession?

Sub-RQ 6: What actions could both, Oldambt's business owners and Oldambt's Municipality take to increase the SMEs' business succession rate gradually?

The practical implications of answering sub-research questions 4 to 6 are basically about knowing the senior entrepreneurs and the Oldambt Municipality well and ultimately providing useful recommendations for both parties. The result shows several factors can significantly influence whether the business succession process is successful and whether the support of the Oldambt Municipality regarding business succession is sufficient. Thus, it gives insights concerning critical factors that senior entrepreneurs and the local Municipality should focus on to ultimately increase Oldambt's business succession rate. The following chapter explains which methods were used throughout this study.

3. Methodology

This section explains which research approach has been taken and how the information will be drawn from the data sources of structured, and semi-structured interviews.

3.1 Research Philosophy

According to Saunders, Lewis, and Thornhill (2016, pp. 134-43), there are different research philosophies, including positivism, critical realism, interpretivism, post modernism, and pragmatism. This research has typical characteristics of positivism because it applies the deductive method, explained in section 3.2., uses quantitative methods of analysis, but also allows for a range of data to be analysed. The objective positivism was combined with subjective interpretivism because this study also uses qualitative data where the researcher's interpretations are essential. Consequently, the researcher also followed the philosophy of pragmatism that there are many methods of undertaking research and the integration of several methods provides a better understanding of the research problem (Sekaran & Bougie, 2016, p. 29).

3.2 Research Approach

Regarding the approaches to theory development, Saunders et al. (2016, pp. 144-49) distinguished between the inductive, deductive, or abductive research approach. This research follows a deductive research approach, visualised in Figure 3.1, where a theoretical framework is developed and then tested. Hence, it starts from the more general to the more specific at the end; the conclusion is derived logically.

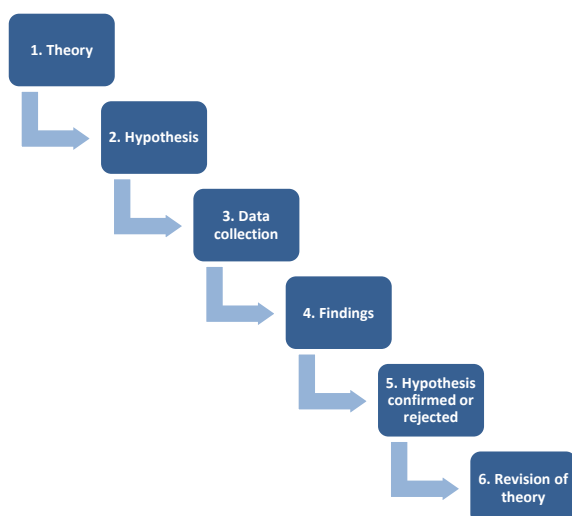


Figure 3.1: The process of deductive research

Note. Information derived from Saunders et al. (2016, p. 146).

3.3 Research Design

This study can be described as a sequential mixed methods research because it involves more than one phase of data collection and analysis. This design follows the use of one method with another to elaborate on the initial set of findings. For this double-phase research design, this study follows the sequential explanatory research design where quantitative data is followed by qualitative data (Saunders et al., 2016, pp. 170-71). This dynamic approach is both interactive and iterative because one phase subsequently influences the next phase of data collection and analysis. Creswell and Plano Clark (2011) argued that mixed methods research could use quantitative research and qualitative research equally or unequally so that one can have a dominant role while the other has a supporting role (as cited in Saunders et al., 2016, pp. 170-71). For this research, the quantitative research used to collect data from senior entrepreneurs, and the qualitative research used to collect data from the Municipality are of equal importance. The objective is to provide recommendations to both parties in an equal way, so neither quantitative research nor qualitative research is dominant, but the initial use of quantitative research before the possible use of supporting qualitative research to explain findings further is emphasised.

Regarding the nature of research, Saunders et al. (2016., pp. 174-76) stated that it could be either exploratory, descriptive, explanatory, evaluative, or a combination of these. This research combines the descriptive and explanatory research design to answer the research questions and ultimately reach the objective of this research. Thereupon, this research can be classified as descripto-explanatory study, using the description as a precursor to an explanation. A descriptive research design is used to capture an accurate profile of events, persons, or situations. The explanatory research design was applied after the descriptive questions to establish relationships between variables.

3.4 Research Strategy

Denzin and Lincoln (2011) defined a research strategy as the methodological link between the research philosophy and the choice of methods to collect and analyse data. Thus, the research strategy reveals the researcher's plan for answering the research question (as cited in Saunders et al., 2016, pp. 177-78). There are various research strategies such as experiment, survey, archival and documentary research or case study. For this study, a survey was chosen as the most suitable research strategy because it is mostly linked to a deductive research approach and tends to be used for exploratory as well as for descriptive research (Saunders et al., 2016, pp. 178-85). Thus, a survey instrument is in line with this study's research question and objective.

Structured interviews with senior entrepreneurs

The left section of the theoretical framework in Figure 2.2 describes four measures that business owners should take to achieve a successful business succession process (Le Breton-Miller et al., 2004; Chittoor and Das, 2007). A questionnaire was used to measure to what extent business owners in Oldambt apply the four measures and thus have a better chance for a successful business succession process. To collect data from the entrepreneurs, the survey strategy using questionnaires was applied in this study because it is easy to explain, understand, and to compare data. More precisely, face-to-face structured interviews were conducted, where standardised questions were asked in person to all entrepreneurs. This type of research is also referred to as interviewer-completed questionnaire or quantitative research interview because of the intention to collect quantitative data. For this, the researcher briefly explained the content of the research to each entrepreneur. Then, all questions were read out to each entrepreneur individually, and their answers were recorded. The researcher asked all questions in the same way and in the same tone of voice, to avoid any bias.

Saunders et al. (2016, pp. 392-93) declared that structured interviews might be used to identify general patterns in a descriptive study. Also, structured interviews are used in deductive studies to test a theory. This is applicable for this study because the researcher aims to investigate to what extent entrepreneurs apply the steps of the business succession plan. The researcher also used telephone questionnaires, using the same set of questions but collecting the data via the telephone. A drawback of the survey strategy is that a questionnaire should contain only a limited amount of questions. Also, Saunders et al. (2016, p. 442) expressed that responses to structured interviews and telephone questionnaires can be distorted when recorded and respondents are more likely to answer to please due to their contact with the researcher. However, the impact of this can be minimised through a sophisticated interviewing technique.

Semi-structured interviews with experts from the Municipality

The right section of the theoretical framework in Figure 2.2 indicates that the support of the local Municipality will be investigated by looking into four different factors. To collect data from the Municipality, non-standardised semi-structured interviews were conducted and recorded. For this qualitative research interview, the researcher covered a list of themes and key questions but also left room for spontaneous questions developed during the interview. Additionally, the researcher added probing and summary questions and a short opening and closing section. Saunders et al. (2016, p. 392) underlined that semi-structured interviews provide important background or contextual material and are therefore rich in information.

3.5 Methodological Choices

In terms of methodological choices, the data collection technique and corresponding analytical procedure, Saunders et al. (2016, pp. 166-67) distinguish between mono quantitative method, mono qualitative method, multiple methods multi-method or multiple method mixed methods. As indicated in section 3.4, this research combined quantitative and qualitative research and therefore used multiple methods. In fact, this research follows the multi-method, which is the branch of multiple methods where quantitative and qualitative methods are used but are not mixed. This method is a richer approach to data collection, analysis, and interpretation in comparison to mono methods, enforces generalisability and can help to establish more complete knowledge (Bryman, 2006, as cited in Saunders et al., 2016, pp. 166-67).

3.6 Time Horizon

Regarding the time horizon, Saunders et al. (2016, pp. 200-01) differentiate between longitudinal and cross-sectional. Due to the eight-week research time, this study uses a cross-sectional time horizon, involving the study of a particular issue at a particular time. Cross-sectional time horizons are typical for studies that use the survey strategy, qualitative or mixed methods which were in line with this research's strategy. During a preparation phase, the learning of necessary research skills and the research proposal were completed. After this, the research was executed at the Knowledge Centre NoorderRuimte, at the Entrepreneurs Factory in Winschoten and several companies all within the region of Oldambt.

3.7 Sample Selection and Data collection

Generally, sampling techniques reduce the amount of data researchers need to collect by studying only a subgroup instead of all possible cases (Saunders et al., 2016, p. 272). This section describes the sampling techniques and the data collection procedure for the structured interviews and the semi-structured interviews separately.

Structured interviews with business owners

As sample selection criteria, the researcher decided prior to data collection that the respondents should have the characteristics summarised in Table 3.1. With heterogeneous purposive or maximum variation sampling, the researcher emphasised collecting data from respondents with diverse characteristics to provide the maximum variation possible.

	Business owners
Location of headquarters	Within Oldambt
Age Distribution	45 years and older
Industry	Various
Number of Employees	0-249
Turnover	Less than EUR 50 million

Table 3.1: Target group for the structured interviews

Thus, the target group for the structured interviews was entrepreneurs in the age of 45 years old or older because this is the age range in which business owners should start thinking about or already be dealing with the topic of business succession. To avoid bias, the entrepreneurs should represent various industries and towns within Oldambt. The interviewed entrepreneurs were from the towns Nieuweschans, Beerta, Finsterwolde, Heiligerlee, Scheemda, Westerlee, and Winschoten. The industries healthcare, transport and logistics, agriculture, gastronomy, consulting, automobile restoration, pet care, and funeral services were represented. Also, since this research is targeted at SMEs, which was defined in section 1.2.3, the business owners should have up to 249 employees and less than EUR 50 million in turnover.

Saunders et al. (2016, pp. 275-76) distinguish two types of sampling, which are probability or representative sampling and non-probability sampling. For probability sampling, there is an equal probability for each case to be selected for the study. This was not the case for this study because due to privacy regulations, the Municipality was not able to grant the researcher access to contact details from Oldambt's entrepreneurs. Thus, it was not possible to establish a sampling frame. Therefore, this research follows a non-probability sampling technique. For non-probability samples, researchers can generalise about the target population, but not on statistical grounds. Experts from the Oldambt Municipality strongly advised the researcher not to send a questionnaire to entrepreneurs via e-mail. The Municipality regularly sends out questionnaires to entrepreneurs themselves and only with considerable effort and personal encouragement a response rate of less than 10 per cent is achieved.

Within the non-probability sampling techniques, the researcher combined heterogeneous purposive or maximum variation sampling with the volunteer sampling techniques of self-selection sampling and snowball sampling. Regarding self-selection sampling of the volunteer sampling techniques, the researcher followed this method by allowing the potential respondents to state their desire to participate in the research. This situation was created by sending the entrepreneurs e-mail invitations to a face-to-face interview. Data was collected from those who responded. A problem with this

sampling technique is that respondents usually participate because they have a strong opinion about the research topic (Saunders et al., 2016, p. 303). Nevertheless, this does not interfere with this study's objective. When it got difficult for the researcher to find more entrepreneurs who want to participate in this study, the researcher decided to ask respondents whether they know other entrepreneurs who might be willing to participate in this research. This technique is referred to as snowball sampling and is used when it is difficult to find members of the desired population. A major weakness of this technique is that of bias since respondents usually identify potential respondents with similar beliefs as themselves. (Saunders et al., 2016, p. 303).

As indicated in section 2.2.1 of the literature review, eight questions were adopted from an existing questionnaire from the IHKN (2017) for the structured interview, to answer sub-RQ 4. To measure all factors described in the theoretical framework, four self-designed questions were added, see Appendix E for the questionnaire design and Appendix F for the complete questionnaire. The questions were short and concise and included one open question. In total, the questionnaire comprised 12 questions. The duration of the structured interviews ranged from 15 to 31 minutes. From the 11 face-to-face interviews, one respondent did not want to be recorded; the remaining 10 were recorded. The five interviews conducted via the phone were not recorded. The answers to the one open question in the structured interview were transcribed in Appendix G, by transforming the recordings into writing. Only one entrepreneur was interviewed at the Entrepreneurs Factory in Winschoten, following the participant's preference. All other respondents were interviewed at their company in a separate room.

According to waarstaatjegemeente.nl, an independent website that compares all Dutch Municipalities based on various themes (WSJG, 2019f), there was a total of 2,890 business establishments in Oldambt in 2018 (WSJG, 2019d). Using the online telephone book detelefoongids.nl and the newspaper *De Oldambtster*, the researcher, was able to e-mail a total of 404 entrepreneurs who have their headquarters within Oldambt. The e-mail, see Appendix J, provided a brief introduction to the research, asked if the entrepreneur would be available for a brief interview at their company or at the Entrepreneurs Factory in Winschoten, and promised anonymity of the respondents. Edwards et al. (2007) detected that the use of existing databases for a study's sampling frame comes with a few problems. Firstly, individual databases are often incomplete. Secondly, the information held about organisations in databases is sometimes inaccurate. Thirdly, the information held in databases becomes quickly out of date (as cited in Saunders et al., 2016, pp. 277-79). These three problems turned out to be accurate for the online telephone book and the newspaper. It was therefore not possible to attain contact details from all 2,890 establishments. Consequently, not every entrepreneur in Oldambt had a chance to be selected for this research.

From the 404 contacted entrepreneurs, most did not respond. A few entrepreneurs expressed that the research topic is not relevant for them yet because they just took over a business, or they had no interest in the research. After 10 working days, the researcher sent a reminder e-mail to all entrepreneurs who did not respond to the initial e-mail. In the second e-mail, the option to interview via the telephone was included. The researcher decided to move from face-to-face interviews to structured telephone interviews because of time and cost constraints. Before conducting the interviews, the researcher made use of pilot testing further described in the validity section 3.9. From the 16 interviewed entrepreneurs, 11 were interviewed face-to-face while five were interviewed via the phone. The researcher believes that the answers from the 16 structured interviews were sufficient to answer the research questions because the answers were repeating. Thus, data saturation was reached. Consequently, this study does not represent the population of SME business owners in Oldambt but gives an insight into the population's behaviour.

Semi-structured interviews with experts from the Municipality

For the semi-structured interviews with experts from the Municipality, the researcher used homogeneous sampling of the purposive sampling technique, sometimes referred to as judgment sampling. Instead of obtaining information from those who are most conveniently available, data was obtained from a specific target group (Sekaran & Bougie, 2016, p. 248). It is not statistically representative of the target population, but it is sufficient to answer the research question and to meet the study's objective. The focus lies on people with similar characteristics, which makes it possible to investigate more in depth and to reveal minor differences.

The target group for the semi-structured interviews, illustrated in Table 3.2, was constituted of experts from the Oldambt Municipality. They must hold a position related to business succession and/or start-up for a minimum of two years. Thus, two account managers for companies at Municipality of Oldambt and one of the four aldermen at the Municipality of Oldambt were interviewed. The reviewed literature in section 2.3 and 2.3.1 helped to shape the semi-structured interview questions and answer sub-RQ 5. The interview guide, see Appendix H, encompassed the concepts of financial condition, transparent market, communication, and education.

	Experts
Employment	Employed by the Oldambt Municipality with responsibilities in the areas of business succession and/or start-up
Experience in the field	Minimum two years

Table 3.2: Target group for the semi-structured interviews

A total of 10 interview questions, plus two summary questions and spontaneous probing questions were used to facilitate richness of information. The completed interviews took 36 to 43 minutes and were audio-recorded. Transcripts of the interviews are provided in Appendix I.

Ultimately, this study collected data from 16 entrepreneurs and three experts within three weeks. More specifically, from the 17th of April until the 8th of May 2019. This enabled the researcher to answer the research questions 4, 5, and 6, and to reach the study's objective.

3.8 Data Analysis

To analyse the findings from the structured interviews, this research applied Tukey's (1977) Exploratory Data Analysis (EDA) approach that uses graphs and diagrams as a visual display to illustrate relationships among numbers and to explore and understand collected data (as cited in Saunders et al., 2016, p. 511). This approach was used with the help of the data visualisation and analysis tool Microsoft Excel, with the intention to follow the study's objective. To avoid possible misinterpretation, the researcher clearly structured and labelled each graph and table. For this study, figures are used to visualise highest and lowest data values, trends in data values, and percentages for data values. Hence, they support arguments made in the findings section.

The structured interviews included one open question. To code the data, a manual, open coding technique was used. Following the analytical technique of Content Analysis, a unit of data was labelled with the appropriate code in the transcript, see Appendix G, to analyse the data quantitatively and investigate relationships between variables. After the data was coded, the researcher evaluated the data for themes, patterns, and relationships, guided by the theoretical framework and the study's objective. Dividing the codes into themes involves the researcher's judgement about the data. Constant comparison was applied to ensure consistency during the coding analysing process, meaning that codes were updated continuously. Since Content Analysis underlines the importance of the context (Krippendorff, 2004, as cited by Saunders et al., 2016, pp. 608-09), the researcher considered the characteristics of the respondents' age and the business industry. Besides, Content Analysis focuses on what is apparent in the data (Saunders et al., 2016, pp. 608-10). Therefore, the researcher used the exact words and phrases stated by the experts from the Municipality during the semi-structured interviews. In this way, the analysis was conducted in a consistent, transparent, and replicable way, improving reliability. A weakness of Content Analysis is that inconsistent coding can lead to lower intra-rater reliability (Saunders et al., 2016, p. 612). Therefore, the researcher coded data with care, skill, and concentration.

3.9 Validity

Saunders et al. (2016, p. 202) explained that a study is valid when it measures what it is intended to measure, and when the analysis of the results is accurate and generalisable.

Internal validity

Internal validity is associated with positivism and quantitative research and is, therefore, in line with this study. Content validity assesses whether the interview questions provide adequate coverage of the investigative questions (Cook & Campbell 1979, as cited in Saunders et al., 2016, pp. 203-04). In the structured interview, content validity was established in the literature review by indicating that following the business succession process would lead to successful business succession. Also, for the semi-structured interviews, the researcher ensured content validity through the literature review. Additionally, the structured interview questions, as well as the themes for the semi-structured interviews, were discussed with the university supervisor and the company supervisor to assure that all questions are essential, useful, and measure what they claim to measure.

External validity

External validity implies that the research findings can be replicated and generalised to other relevant settings (Buchanan, 2012, as cited in Saunders et al., 2016, pp. 204-05). For this study's structured and semi-structured interviews, the sample size was rather small and limited the generalisability.

For the structured interview, the reliability and validity were maximised by putting attention on the design of individual questions and carefully planning and executing the data collection procedure. Further, the researcher made sure to explain the purpose of the research to all participants clearly. Before the interview, the researcher completed pilot tests with four family members above 50 years old. Pilot testing means that the questionnaire was reviewed by people who have similar characteristics to the target group. After this, the questions were refined to ensure that the respondents understand the questions in the way the researcher intended. For this, the researcher followed Sekaran and Bougie's (2016, pp. 146-48) advice to use terms that the respondents are likely to be familiar with and also to use short questions that do not exceed twenty words. The semi-structured interviews in this research achieved a high level of validity by carefully using clarifying questions, probing meanings, and by exploring responses from a variety of angles. The respondent validation technique of member-checking was applied for the three experts to increase the validity further. For this, the interview transcripts were sent back to the experts for confirmation, see Appendix I for the signed transcripts.

The quality of research depends not only on its validity but also on its reliability. Therefore, the following section addresses how this study achieved reliability.

3.10 Reliability

According to Saunders et al. (2016, p. 202), reliability is associated with replication and consistency and can be divided into internal and external reliability. Unreliable research would also mean that it is invalid because the results and interpretations would be affected.

Internal reliability

According to Saunders et al. (2016, p. 202), a study's internal reliability is supposed to assure consistency during a research project which can be achieved by multiple researchers and writing memos. This study was completed by one researcher. However, the researcher received assistance through NoorderRuimte with a Dutch native speaking researcher for support during the interviews because a few respondents felt that they could better express themselves talking with a Dutch native speaking person. Therefore, the second method of writing memos was applied to promote stability. For the structured interviews, the researcher made use of alternative forms by asking two probing questions. In this way, it was ensured that the questionnaire was answered consistently. Since a survey's reliability can be established by adopting questions from an existing questionnaire (Bourque & Clark, 1994, as cited in Saunders et al., 2016, pp. 452-53), this study adopted questions from IHKN's questionnaire (IHKN, 2017) for the structured interviews and was inspired by the EC (2006) and the IHKN (2017), previously explained in the literature review, for the semi-structured interviews.

External reliability

As stated by Saunders et al. (2016, pp. 202-03) external reliability is realised when a study's findings would be the same when another researcher repeated the study by utilising the same data collection technique and analytical procedure. Threats to external reliability are participant and researcher error and bias.

To avoid participant error and bias, the researcher assured anonymity, declared that the results would only be shared with the participants, the company and the university, and asked for permission to record the interview at the start of each interview. By providing the interviewees with a list of the interview themes before the interview, the research established credibility and allowed the participants to prepare for the interview. During the interviews, questions were phrased clearly and in a neutral tone of voice. One open question was asked to encourage the respondents to offer an

elaborated answer. Besides, the researcher used short reflective questions to make sure that answers were understood correctly.

Considering the threats of researcher error and researcher bias, the researcher put attention to follow a thought through the research process and to report each part of the research in a fully transparent way. In this way, it is possible for other researchers to judge and replicate the study. Moreover, the quality of this research was increased using triangulation, meaning the application of several data sources and collection methods. To include the contextual data and to optimise the interview's value, the researcher made notes during the interview and compiled a full record of the interview directly after conducting it.

3.11 Limitations

Due to the very limited research period of eight weeks, the study had several methodological weaknesses. A longer research period could have enabled the usage of the test-retest technique where reliability is increased by letting respondents answer the questions twice. A much longer research period of one year or longer would have made it possible for the researcher to observe a change in the data collected. Another major limitation was that the researcher was not granted access to contact details from Oldambt's entrepreneurs. Therefore, the researcher was forced to gather contact details in a time-consuming manner through an online telephone book and the local newspaper. This lowered the chance to be able to contact every entrepreneur in Oldambt. Moreover, the structured interview and the semi-structured interview had the limitation that it should be kept as short as possible and therefore, only contained a limited amount of questions.

Furthermore, for the quantitative research, respondents might not have been fully aware of their reasons for any given answer because of a lack of interest in the research or even boredom. Also, the respondents might not have felt encouraged to provide accurate, honest answers. For the qualitative data, the interviewees might not have felt comfortable providing answers that unfavourably present themselves. In addition, there might have been misunderstandings from both sides, for example, because of a language barrier. The interviews were conducted in English with a few deviations to Dutch and German, even though English is most likely not the native language of both parties. Further, there might have been a personal bias during the interpretation of the data. Ultimately, the interviewer might not have been taken seriously by the interviewees because of a lack of experience and student status, causing response bias.

3.12 Ethical considerations

In the context of this study, ethics refer to the standards of behaviour that guide the researcher's conduct during all stages of a research project in relation to those who participate or are affected by it (Saunders et al., 2016, pp. 239-40). As a student at Hanze University, the researcher adhered to the university's ethical principles and standards for research. This code of ethics has the function to avoid poor practice, malpractice, and harm as well as to promote ethical practice and private or public good. The researcher avoided harm by evaluating risks and possible consequences of the research. Furthermore, the research honours all promises made about sharing the study's findings. It was ensured that the data would only be shared with NoorderRuimte, Hanze University, and participants. The respondent's privacy is respected by making the questionnaires anonym and ensuring confidentiality. For the researcher to identify which audio recording can be associated with which entrepreneur, the title of each recording includes the entrepreneur's age and the industry. A list of the entrepreneurs' names is accessible only to the researcher. Informed consent was established by informing the participants about the study's objective beforehand, by allowing them to ask questions and by giving them time to decide if they would like to participate. Additionally, the researcher made use of high-quality secondary data to avoid any ethical issues.

4. Findings and Analysis

This chapter presents the results of analysing collected data from the structured interviews with the business owners and the semi-structured interviews with the experts from the Oldambt Municipality. Section 4.1 illustrates the findings and analysis of the four different stages of the business succession process. Section 4.2 depicts the findings and analysis regarding the support of the Oldambt Municipality for business owners during their business succession process.

4.1 Business succession process

The theoretical framework suggested that senior entrepreneurs should follow a business succession process to facilitate a successful business transfer. This section introduces the respondents' profile and company characteristics and presents the findings and analysis for every stage of the business succession process.

4.1.1 Respondents' Profile and Company characteristics

As mentioned in the methodology, 16 entrepreneurs answered the structured interview, see Appendix F. All of them were entrepreneurs of SMEs with their headquarters within Oldambt. All responses were regarded as valid. This section highlights the respondents' demographic characteristics and provides an insight into the respondents' company characteristics.

Demographic characteristics

The first section of the structured interview is an introduction to the questionnaire, which is followed by demographic questions. Table 4.1 illustrates the respondents' age and gender. Among the 16 respondents, 10 were male, and six were female. Thus, most of the respondents were male. In terms of the descriptive statistics of age, with 37.50 per cent, most entrepreneurs were between 55 to 59 years old. The smallest age groups were those of 40 to 44, 45 to 49 and 70 to 74, which each accounted for 6.25 per cent of the total respondents. The youngest respondent was 44, the oldest 72 years old. The average respondent was 57 years old.

Category	Classifications	Percentage (%)	Respondents
Age	40 to 44	6.25%	1
	45 to 49	6.25%	1
	50 to 54	18.75%	3
	55 to 59	37.50%	6
	60 to 64	12.50%	2
	65 to 69	12.50%	2
	70 to 74	6.25%	1
	Total	100%	16
Gender	Male	62.50%	10
	Female	37.50%	6
	Total	100%	16

Table 4.1: Respondents' Profile

Company characteristics

Table 4.2 visualises the characteristics of the respondents' SMEs, including the legal form, the company size measured through the number of employees and the type of industry. With 56.25 per cent, more than half of the respondents were sole traders. 25 per cent of the respondents had a private limited company, and 18.75 per cent had a partnership. With 68.75 per cent, most respondents had under 10 employees. 18.75 per cent had 10 to 19 employees, and the companies with 20 to 49, and 50 to 99 employees each accounted for 6.25 per cent. None of the respondents had more than 100 employees.

Category	Classifications	Percentage (%)	Respondents (N)
Legal Form	Sole trader	56.25%	9
	Private limited company	25.00%	4
	Partnership	18.75%	3
	Total	100,00%	16
Number of employees	under 10	68.75%	11
	10 to 19	18.75%	3
	20 to 49	6.25%	1
	50 to 99	6.25%	1
	Total	100%	16

Table 4.2: Company characteristics

From the data in Figure 4.1, it is apparent that the respondents were from various industries. 25 per cent of respondents represented healthcare, and 18.75 per cent transport and logistics. The industries agriculture, gastronomy, and consulting were each represented by 12.5 per cent and the industries automobile restauration, pet care and funeral services were each represented by 6.25 per cent.

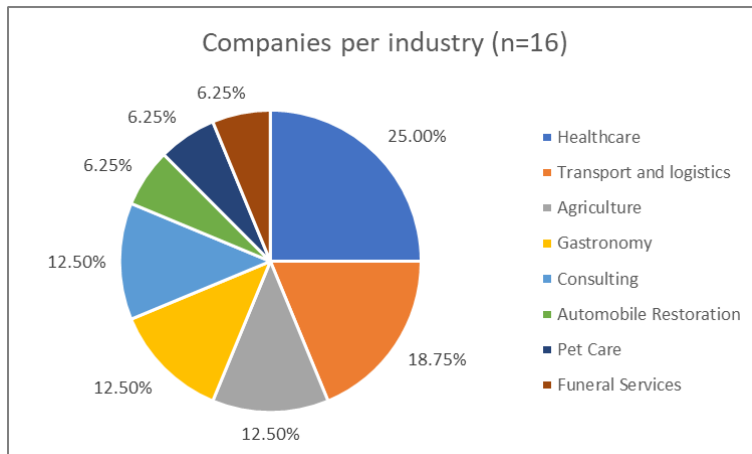


Figure 4.1: Companies per industry

The next section illustrates to what extent the respondents follow the first stage of the business succession process, which is called Ground rules and first steps.

4.1.2 Ground rules and first steps

In the literature review, it was established that the first stage of the business succession process is about establishing ground rules and a vision for the future business. The researcher summarised the main components of this stage as determining selection criteria, identifying a range of candidates, setting a time frame about when the transition process should take place, and having an idea about the leadership or ownership partition plan.

Figure 4.2 reveals that with 68.75 per cent, most respondents already set selection criteria, meaning that they came up with specific requirements that the successor should fulfil. Besides, with 62.50 per cent, most respondents already have a range of candidates in mind which can be from within the family or externally. 31.25 per cent of the respondents has established a time frame about when the transition process should take place. 18.75 per cent of the respondents has an idea about the leadership or ownership partition plan, meaning that they thought about how tasks and ownership will be divided.

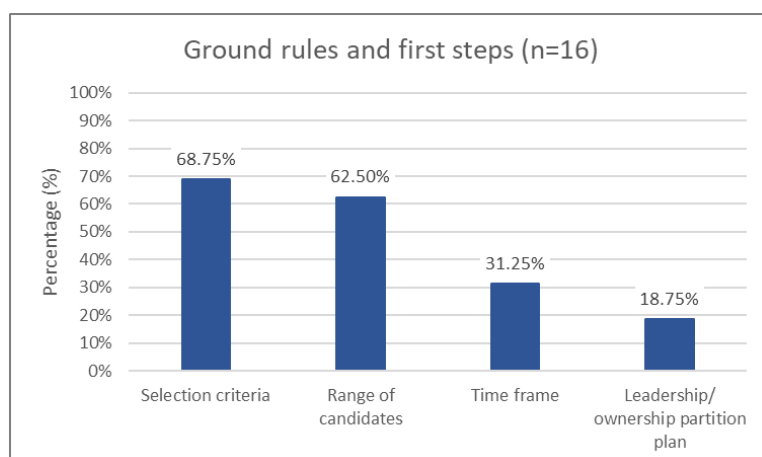


Figure 4.2: Ground rules and first steps

To dive deeper into the second component, identifying a range of potential successors, the researcher asked the participants what measures they already took to find a successor. For this question, multiple answers were possible. Figure 4.3 shows that 37.5 per cent of the respondents already had conversations with family and/or friends, while 31.25 per cent stated that they did not take any measures yet. 31.25 per cent expressed that they already had conversations with management and/or tax consultants, lawyers and/or the Chamber of Commerce. 25 per cent of the respondents had conversations with fellow shareholders and/or employees. 18.75 per cent said that they had conversations with other entrepreneurs and/or competitors. Only 6.25 per cent of the respondents sought advice from banks.

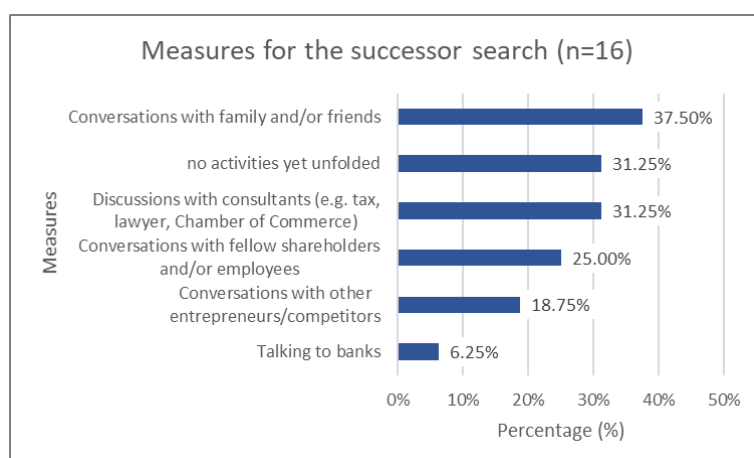


Figure 4.3: Measures for the successor search

Analysis

Davis (1992), Dyck et al. (2002), and Shulman (1991) argued that companies should start thinking about transferring ownership and managerial responsibility five to 20 years in advance. Since the youngest respondent was 44 years old, all respondents should have completed or at least started with this stage. Most of the respondents fulfilled the first two components of this stage, determining selection criteria, and identifying a range of potential successors. However, the respondents need to improve in regard to setting a time frame and having an idea about the leadership or ownership partition plan. IHKN's annual succession report, addressed in section 2.2.1, conducted a similar study in Lower Saxony, Germany with 545 entrepreneurs, the average respondent being 61-year-old. Their research discovered that only 17.1 per cent of entrepreneurs set a time frame (IHKN, 2017). This comparison demonstrates that, most likely, Oldambt's business owners are further ahead in setting a time frame than the neighbouring business owners in Lower Saxony.

Furthermore, the measures for the successor search demonstrate that business owners are currently required to take several measures to find a successor, which leads to the process being non-transparent and time intensive. In the research from the IHKN (2017), the respondents were more active in the successor search with 7.65 per cent fewer entrepreneurs who have no activities yet unfolded, and 2 to 10 per cent more activity in the other five measures. However, it has to be considered that the respondents of the research from the IHKN (2017) have an average age of 61 years and should, therefore, be more active in the successor search than the respondents of this study, who have an average age of 57 years.

The following section illustrates which measures the respondents took during the stage of successor training.

4.1.3 Training of the successor(s)

The second stage of the business succession process addresses the training and development of potential successors. For this stage, the researcher formulated the components of having some sort of training programme for the successor, putting effort into closing the gaps between the company's needs and the successor's abilities and interacting personally with the successor preparation.

Figure 4.4 indicates that 25 per cent of the respondents had some sort of training programme for the successor. This can be a formal education programme, an apprenticeship, or a similar programme where knowledge is transferred. Besides, 25 per cent stated that they put effort into closing the gaps between the company's needs and the successor's abilities. Also, 25 per cent of the respondents interacted personally with the successor preparation.

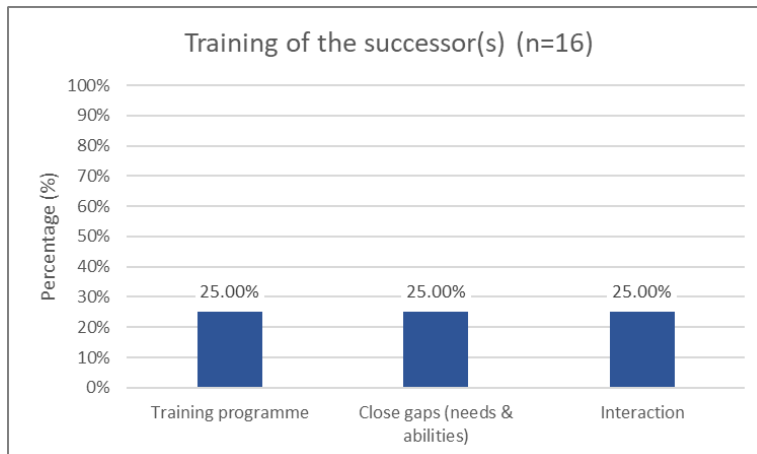


Figure 4.4: Training of the successor(s)

Since most of the interviewed entrepreneurs did not train a successor yet, the researcher asked whether the entrepreneurs have the intention to train a successor before the transfer. Figure 4.5 demonstrates that 43.75 per cent of the respondents plan to train the successor before the transfer, while 56.25 per cent do not plan to do so.

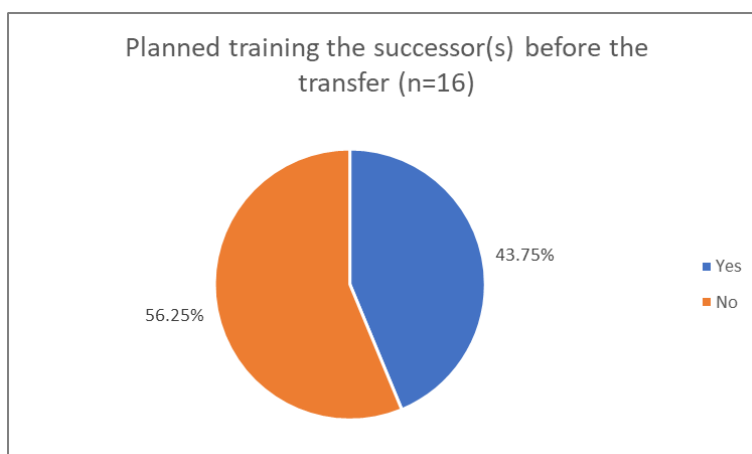


Figure 4.5: Planned training of the successor(s)

Analysis

Goldberg (1996) suggested that business effectiveness is related to successor grooming since effective successors had more years of experience with the business than the less effective successors. Since only a quarter of the respondents fulfilled this stage, it shows that the entrepreneurs do not realise the importance of successor training. The business owners need to understand that successor training is a crucial stage for the successor to be successful. Even though nearly half of the respondents are planning to train the successor, this result still reflects that the importance of successor training is not sufficiently recognised by the entrepreneurs.

The following depicts the entrepreneurs' actions in the selection phase.

4.1.4 Selection of the successor(s)

In the selection stage, the business owner must decide for a successor. Components of this stage are the selection of the Chief Executive Officer (CEO), the consideration of the firm fit, and the design of a legitimate process.

Figure 4.6 highlights that of the 16 respondents, 31.25 per cent already selected the future CEO. 18.75 per cent of the respondents selected a successor whose talents and desire fit with the firm. Besides, 12.50 per cent of the respondents designed a legitimate process, meaning that they set final selection criteria, a selection committee or similar.

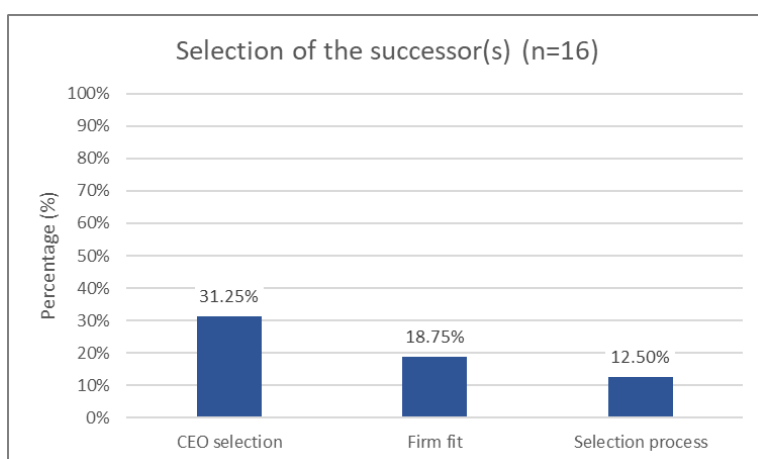


Figure 4.6: Selection of the successor(s)

To find out if the business owners already signed a contract with their potential successor, the researcher asked if the participants already have a binding succession plan, see Figure 4.7. For this, only 18.75 per cent confirmed that they have a binding succession plan, while 81.25 per cent do not have a binding contract.

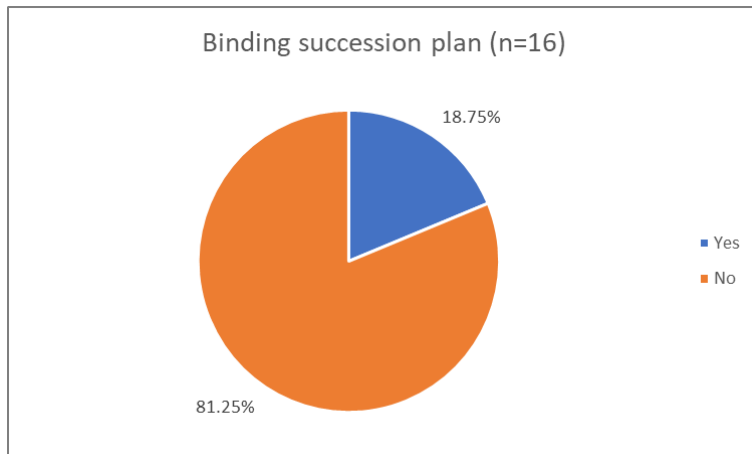


Figure 4.7: Binding succession plan

Regarding the selection stage, it has also been investigated if the entrepreneurs consider handing over their business to external people or if they only consider family members and employees. Figure 4.8 reflects that with 71.43 per cent, most business owners believe or already know that their successor will be from outside the company and the family. 42.86 per cent of the respondents expect their successor to be from within the company, and only 21.43 per cent believe that their successor will be from within their family.

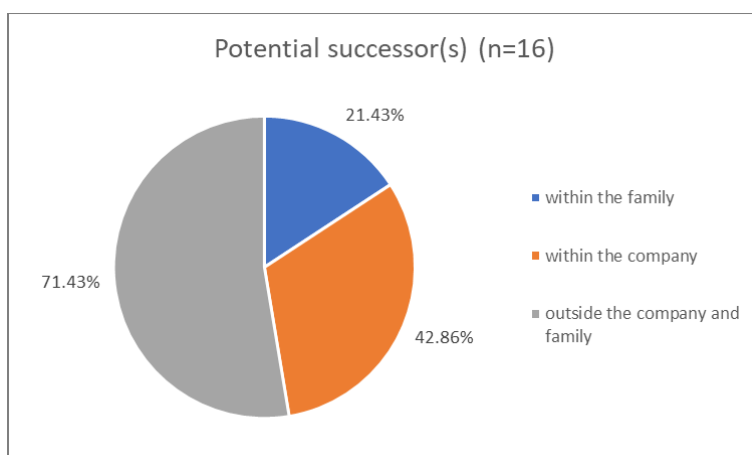


Figure 4.8: Potential successor(s)

Analysis

In comparison, from the on average four years older respondents of IHKN's research, 39.9 per cent selected a successor. Therefore, the researcher sees it as a respectable outcome that 31.25 per cent already found a successor. However, it is concerning that only a few business owners consider the firm fit and the design of a legitimate process throughout the selection stage. In addition, there is potential to increase the percentage of binding succession plans. Similarly, in Lower Saxony, only 22.5 per cent of the respondents have a signed agreement with the successor (IHKN, 2017). This exposes business owners to high risks because if there is no binding contract, the successor might change his mind about the takeover. Hence, a binding succession plan is necessary to have legal prove about the succession agreement.

Furthermore, the findings from Figure 4.8 suggests that 71.43 per cent of the respondents are going to transfer their business to a third party, while in Lower Saxony, only 36.5 per cent of the respondents will transfer their business to a third party. This is a significant difference and reflects that Oldambt's business owners have a problem with the successor search because finding a third party to take over a business is usually a difficult process. This result confirms the EC's (2006) suggestion that nowadays, entrepreneurs have lower chances of finding successors within the family.

The next section presents which measure entrepreneurs already took regarding the hand-off process.

4.1.5 Hand-off process

The hand-off process forms the last stage of the business succession process, where capital is transferred. The main components of this stage are the phasing out of the incumbent, the augmenting of the role of the new CEO, and the bridging of performance through interim managers or similar.

Figure 4.9 reveals that from all respondents, 6.25 per cent officially left the company, and a successor took the company over. None of the respondents facilitated a performance bridge, meaning that no support was given from the incumbent to the successor immediately after the transfer took place.

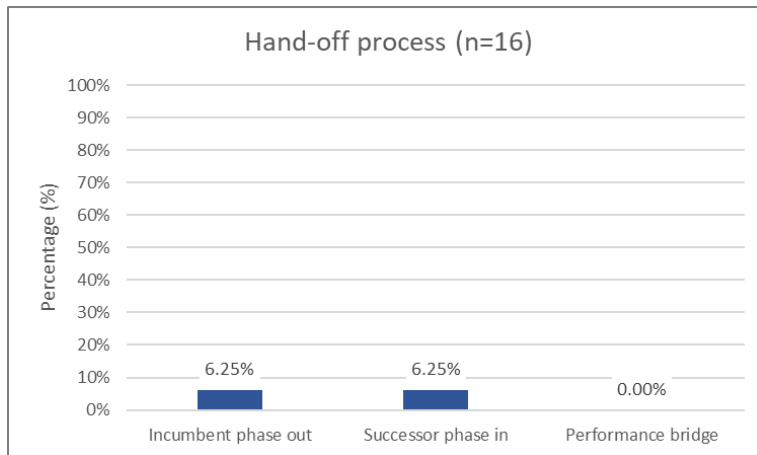


Figure 4.9: Hand-off process

To explore the hand-off process further, the researcher asked the entrepreneurs about their main objective with the business transfer. Figure 4.10 reveals that 56.25 per cent of the respondents rates the continuing of the company and the securing of jobs as their priority. 43.75 per cent prioritise the achievement of a high selling price. Other objectives were not stated by the respondents.

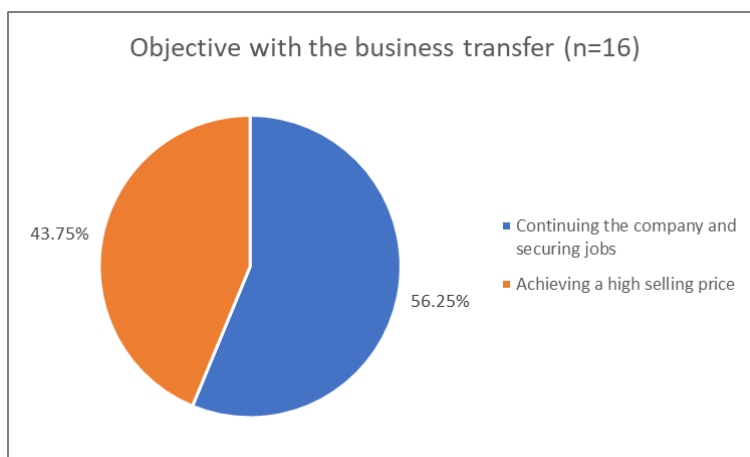


Figure 4.10: Objective with the business transfer

Analysis

The results demonstrate that only one of the 16 respondents completed the hand-off process. The researcher rates this outcome as rather low because three of the respondents are in the age group of 65 or older. Besides, this finding indicates that business owners do not see the importance of a performance bridge during the hand-off process. Regarding the objective, with 60.6 per cent, business owners in Lower Saxony also prioritise the continuing of the company and securing job (IHKN, 2017). However, in Lower Saxony, only 15 per cent of the respondents see their main objective in achieving a high selling price (IHKN, 2017). Consequently, it can be interpreted that Oldambt's business owners

tend to be more dependent on achieving a high selling price for their business to secure their pension than business owners in Lower Saxony.

To find out which obstacles the entrepreneurs face, the following section addresses the entrepreneurs' challenges during the business succession process.

4.1.6 Challenges of the business succession process

After explaining the four stages of the business succession process, the researcher asked the entrepreneurs to state their biggest (expected) challenge during the process, only stating one challenge per respondent. Figure 14.11 reveals that with 43.75 per cent, most respondents rated the successor search as their biggest challenge. Further, 31.25 per cent see their biggest challenge in achieving a reasonable selling price. 12.50 per cent evaluated the determination of the company value as their biggest challenge. Also, 12.50 per cent did not identify any challenges for the business succession process.

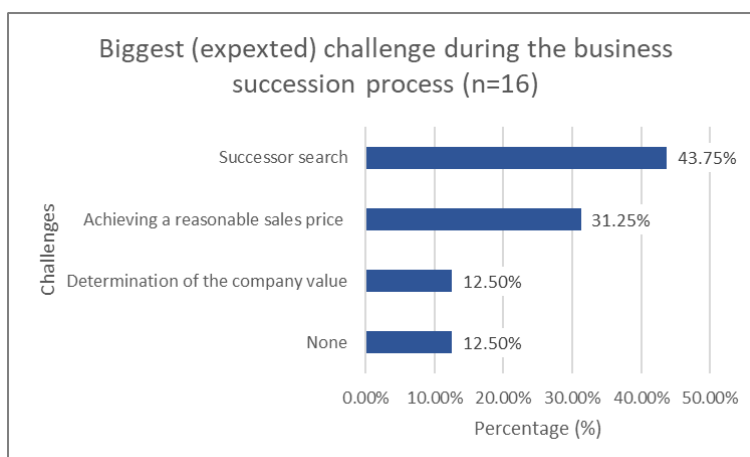


Figure 4.11: Biggest (expected) challenge during the business succession process

Analysis

The successor search was identified as the respondents' biggest challenge, followed by achieving a reasonable sales price and determining of the company value. A similar pattern was found in Lower Saxony (IHKN, 2017). The researcher believes that the successor search can be simplified through greater support from external institutions. Other challenges usually have to be overcome internally. Since the Oldambt Municipality can be considered as one of the primary support institutions for business owners, the researcher asked the entrepreneurs, in the following section, to what extent they feel supported from the Oldambt Municipality regarding their business succession process.

4.1.7 Perceived support from the Municipality

The researcher asked the participants an open question about if they feel supported by the Oldambt Municipality with regard to their business succession process and why. The matrix in Appendix G lists and codes the respondents' answers, and Figure 4.12 visualises the answers. One respondent stated that she does feel supported by the Municipality regarding her succession, 12 respondents said that they do not feel supported, and three participants stated that the question does not apply to them because they just took over a business or because they had a franchise business. This means that three-quarters of the respondents do not feel supported, and just 6.25 per cent of the respondents feel sufficiently supported. Three of the respondents from the logistics, gastronomy, and automobile restoration industry said that they do not feel supported by the Municipality because it prevents business growth, it has too many laws, and it treats small businesses unfairly. Two of the respondents from the gastronomy and the automobile restoration industry stated that the Municipality does not have sufficient understanding for businesses. One respondent from the gastronomy industry stated that some of the Municipality's laws are outdated and do not apply anymore. One respondent from the logistics industry would like the Municipality to show more interest in businesses and to conduct structural change within the Municipality. One respondent from the healthcare industry expressed that she would like the Municipality to implement a transparent market where business owners can come in contact with potential successors.

Consequently, the business owners see a need for improvement from the side of the Oldambt Municipality in the following topics:

- Number and actuality of laws and regulations
- Understanding and interest in businesses
- Equal treatment of all companies, regardless of the size
- Providing a transparent platform for business succession
- Encouraging business growth and extensions
- Change in the internal structure of the Municipality

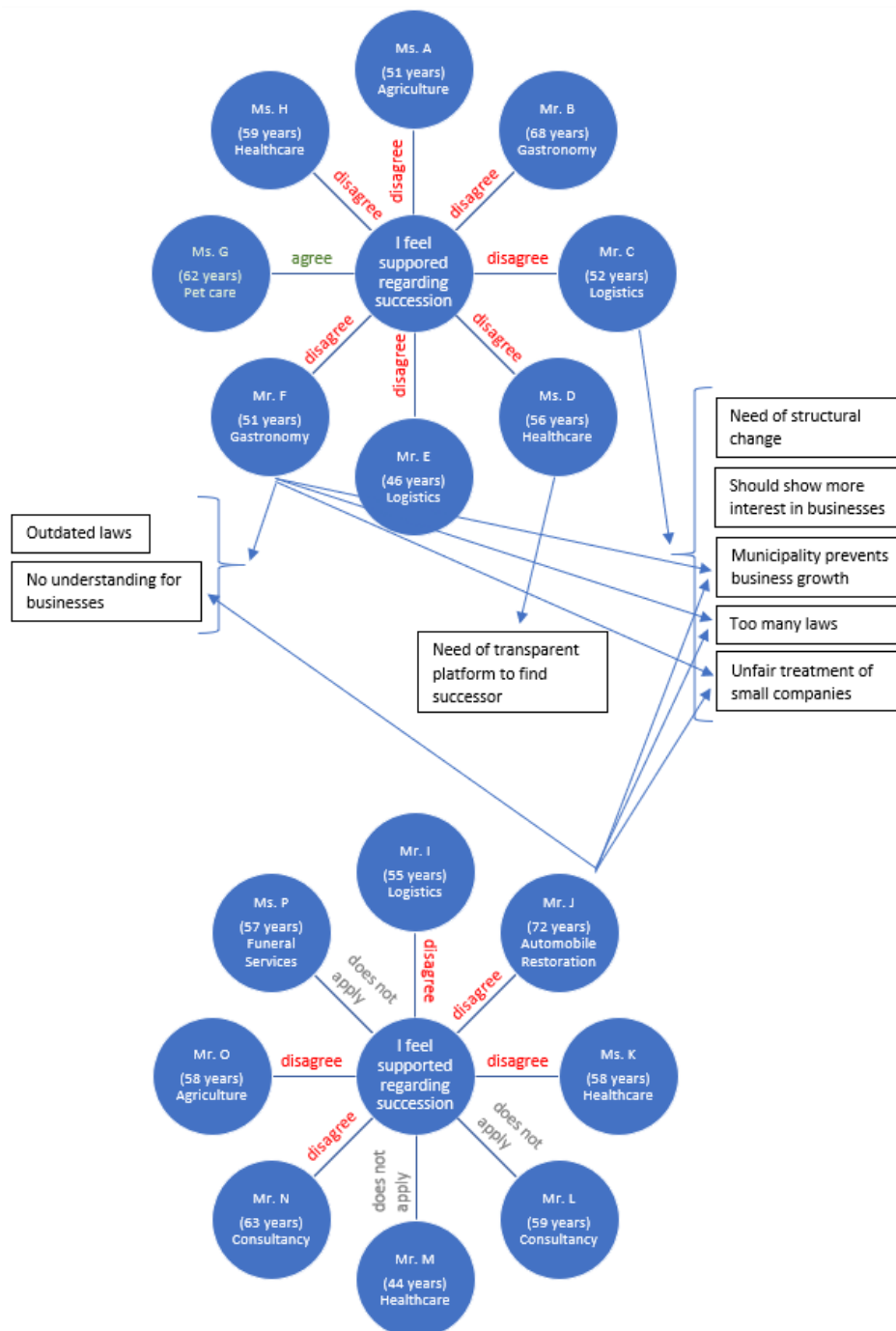


Figure 4.12: Visualization of perceived support from the Oldambt Municipality regarding succession

Since this research aims to also address the Municipality's perspective on business succession in Oldambt, the next section presents the findings from the semi-structured interviews conducted with experts from the Oldambt Municipality.

4.2 Support from the Oldambt Municipality

This section discusses to what extent the Oldambt Municipality supports business owners during their business succession process by looking into the concepts financial condition, transparent market, communication, and education.

4.2.1 Respondents' Profile

The three experts who completed the semi-structured interview were Mr Wücker, one of the four aldermen at the Municipality of Oldambt, and Mrs Haan-Valk and Mr Dijkhuis who are account managers for companies in the business counter at the Municipality of Oldambt. All responses were regarded as valid. Mr Wücker is an entrepreneur and has been a council member for four years. In May 2018, he was elected as one of the four aldermen in Oldambt. As third deputy mayor, his policy areas include economy, labour market, sports and services. Mrs Haan-Valk has previous experience as a sales and account manager. At the Oldambt Municipality, she has a total of five years of working experience, as employer advisor/account manager, and as an account manager for companies. This has contributed to the fact that she has many connections within the Municipality when it comes to entrepreneurs. Mr Dijkhuis has previous experience as an account manager at another Municipality. At the Oldambt Municipality, he has a total of 10 years of working experience, as an account manager, and as an account manager for companies. They are both the first point of contact for entrepreneurs in matters such as start-up, business extension, and policy.

The following addresses the experts' answers regarding the first concept, financial condition.

4.2.2 Financial condition

This section aims to reveal options for financial support that are available for business succession.

Mr Wücker stated that the Municipality speaks with banks such as the Rabo Bank and Abn Amro to try to make them more accessible for start-ups. He believes that businesses which are a little further in the process of growth or in the succession stage normally have a relationship with banks and accountants. Thus, he points out that entrepreneurs have financial support through banks, but he does not think that it is one of the Municipality's tasks. Mrs Haan-Valk added: "We do not have a special plan for succession yet. We talked about it, and we tried to get money from other governments. We did not succeed in that yet". She elaborated that there is currently no policy about stimulating entrepreneurs, and no direct assistance is offered with takeovers.

Further, Mrs Haan-Valk stated that the only solution that the Municipality currently has for entrepreneurs who have to give up their business are benefits that help the entrepreneurs to clean up. Mrs Haan-Valk explained that this is seen as an emergency solution if entrepreneurs cannot find successors. However, in this case, the company may no longer be reopened.

Both account managers believe that many entrepreneurs do not see the need for takeovers, because it is easier to start something yourself. This involves all sorts of practical matters such as starting an entrepreneur's allowance and not having to pay the takeover tax. Mrs Haan-Valk summed up the following: "I think that taxes and cost, in general, are the main reasons why people are more interested in opening a start-up instead of taking over an existing business". Concerning taxes, Mr Wücker explained that in Oldambt, there are no tax exemptions during the business succession process, also not for investments by employees in their own companies.

Regarding the question, whether there are funds that support business owners with their succession, Mr Wücker answered that "there is no specific fund as far as I know for succession support". However, he knows of a few organisations that can help entrepreneurs if they want to start a business. He continued that "the only possibility (he) see(s) to get some money from an external source is by having a kind of new business plan or an idea for the existing business and make a start". After asking if it would be possible to start a fund specifically for supporting succession, he expressed that he could imagine that there might be talks with the province about an investment fund. In addition, both account managers pointed out that lenders move away from Oldambt. The investors who are there tend only to provide loans in their own network. For starting entrepreneurs, it is therefore rather difficult to start something from the ground. Mr Dijkhuis emphasised that the increasingly poor Municipality is another problem. This is due to the withdrawal of large companies, such as the Steenfabriek, the Kartonfabriek, and the Rabobank head office.

On the question, whether support is equal, for start-ups and business transfers, the alderman answered: "Maybe the balance is a little bit more shifting towards the start-ups, but on the whole, we are doing a lot to support all different stages". He mentioned the Municipality's cooperation with schools that aim to connect students with SMEs so that they learn first in cooperation with business owners and then later maybe start a business themselves. Also, the project Innovation-working-place brings students together and lets them work on projects for businesses in Oldambt.

Analysis

As stated in the literature review, the EC (2006) argued that on average, transferred businesses have a higher success rate and create more employment than start-ups. Therefore, the EC (2006) asserted that start-up facilities, loans, guarantees, and similar should be available not only for start-ups but also for business transfers. Further, the EC (2006) stated that the promotion of succession should consider that business transfers mostly require more financing than start-ups. This should include investments by local or regional funds. However, in Oldambt, the experts confirmed that more support is given to start-ups than to business succession. There is no fund specifically for succession support, but it might be in the discussion. The IHKN (2017) said that local governments should critically examine and possibly discontinue programmes with small numbers of cases or low funding volumes as well as programmes that are offered in parallel by other institutions. In that way, funding programmes should be checked and summarised in framework guidelines.

The IHKN (2017) continued that new regulations for banks should not restrict lending to SMEs. So far, the Municipality failed in developing a special plan or direct assistance for business succession due to a lack of money in the Municipality. Lenders are moving away from Oldambt, and investors tend only to provide loans in their network. It was pointed out that entrepreneurs usually find financial support through banks, and not through the Municipality. Besides, the EC (2006) advised the implementation of a transfer-friendly tax system for business succession. The experts reported that in Oldambt, there are no tax exemptions during the business succession process, also not for investments by employees in their own companies. Further, the experts identified taxes and costs in general as the main reasons why entrepreneurs are more interested in opening a start-up than in taking over an existing business.

The next section addresses to what extent the Oldambt Municipality achieved a transparent market that smooths the process for business owners to find a successor.

4.2.3 Transparent market

In Germany, the website www.nexxt-change.org provides a transparent market for business transfers to match potential successors with incumbents. Here, business owners can list their business without having to expose many details about their company other than the location and the industry. Also, people who are seeking to take over a business can publish a listing on the platform. In that way, a transparent market is facilitated. After explaining the German website to Mr Wünker, he stated that there was a similar platform in the Netherlands, but it is costly. Mr Wünker declared that “this is not the Municipality’s first task, but maybe it is an idea for the future, to implement it on our website”.

Further, he named Winschoten 24, a website initiated by entrepreneurs where news and events are published, which he also sees as a suitable platform to integrate such a succession database.

On the idea of a succession database, Mr Dijkhuis expressed his concern, saying that “Entrepreneurs will not make use of the platform because they want to stay anonymous”. Furthermore, he added that “It is possible, but Oldambt is a small area, and they do not want people talking”. This is because Oldambt is a small region where most people know each other. Therefore, Mr Dijkhuis said: “If it becomes clear that someone is closing the doors, this will spread throughout the community very quickly”.

Analysis

The EC (2006) recommends the organisation of transparent markets for business transfers. However, in Oldambt, there is no online platform available that connects business owners with potential successors free of charge. In the future, this could be implemented on the Municipality’s website or other websites which are frequently used by entrepreneurs. However, for such a database, the users must be able to communicate anonymously so that rumours can be prevented in this rather small community.

The following section reports on the findings regarding the communication of the Oldambt Municipality with entrepreneurs.

4.2.4 Communication

After explaining the three experts about the fact that Municipalities send letters to entrepreneurs over a certain age to remind them about timely succession preparation (EC, 2006), Mr Wücker explained that in Oldambt, they do not send these letters, but they started working on an initiative with MKB Nederland, an organisation especially for small businesses in the Netherlands. He elaborated that “this programme has the purpose of supporting, coach, and mentor people of 55 and older, in the last phase of their working life, who are looking for people to maybe succeed”. The last half a year, they worked on the programme together with local business professionals to find out what is needed and what is lacking. However, the programme did not launch yet. He clarified that when the programme becomes available, the MKB Nederland and the Municipality Oldambt will contact the Ondernemersvereniging (Business Associations), who are in contact with the individual business owners. That is the communication channel the Municipality uses to reach entrepreneurs. Other communication channels the Municipality uses are the newspaper called De Oldambtster and the Municipality’s website gemeente-oldambt.nl.

Regarding the Municipality's internal software system, Mr Wücker indicated that he tried to implement a connection with the Chamber of Commerce. Mr Wücker pointed out that the Municipality started to collect information about companies which were liquidated and companies which just launched. In this way, the Municipality is now trying to build up a relationship with business owners. Then, they can collect information about the number of employees, the legal form and similar. However, the Municipality's software does not provide them with information about the business owner's age. Consequently, Mr Wücker argued that it would not be possible for the Municipality to send out letters as soon as entrepreneurs reach a certain age. He believes that it should be the task of an accountant to remind the entrepreneurs about a timely succession.

On the contrary, Mrs Haan-Valk's reaction to the idea of sending out letters to remind business owners to think about succession planning was rather positive. To avoid business closures due to entrepreneurs not finding a successor, she stated: "Maybe, we have to start to inform them in an early stage, when they are maybe 40 years old, and then they can start thinking about it". Until now, the Municipality does not have such a 'reminder service' implemented. She made the experience that entrepreneurs start searching too late to see whether there is an actual need to track down a successor if they cannot find it within their network. Both account managers agreed that it would be useful if entrepreneurs were informed about the necessity of transferring their company some time in advance.

Analysis

The EC (2006) suggested that because many business transfer failures could be avoided through timely planning, the Member States should organise or support activities that remind business owners of the need for a timely succession preparation. For example, through the help of a Chambers of Commerce, personal emails could be sent to business owners above a certain age. The findings revealed that the Municipality has no information about the entrepreneurs' age and is therefore not able to remind them about timely succession planning. To reach every business that is facing a transfer, the EC (2006) called for supporting infrastructure. For this, the Member States, their national, regional, and local administrations and business support organisations must create the right conditions.

From a score from 0-10 with 10 being the best, the average score that Oldambt's residents give for communication and information from the municipality was 6.35 in 2015, compared to 6.62 in the whole Netherlands in the same year (WSJG, 2019g). This data is already rather outdated but still implies that there is a need for improvement. Currently, the Oldambt Municipality communicates with individual entrepreneurs through the various business associations, the local newspaper, and the Municipality's website. For the Municipality's internal software system, they started to connect with

start-ups and liquidated companies so that eventually the Municipality will be able to collect more information from companies.

The subsequent segment discusses to what extent entrepreneurship is incorporated and appreciated within the educational system and the economy of Oldambt.

4.2.5 Education

Regarding the importance of entrepreneurship in schools, Mr Wünker experienced that “Schools are more willing to giving the tools to the students so they can start a company”. He further elaborated that education is changing more in the direction of considering each student’s skills, desires, and potentials. The alderman described that nowadays, schools in Oldambt tend to observe the market more often to evaluate what is needed and then use the input to transfer it into learning. He is convinced that “The input comes from the outside and schools are changing their way of teaching so that students when they come to the market, can start right away”. Besides, he stated that the Municipality has conversations with schools to find connections between the schools, the market, and the Municipality.

To answer the question, to what extent entrepreneurship is appreciated within the Municipality, the alderman replied that the Municipality has the ambition to become the MKB vriendelijkste gemeente (an SME-friendly Municipality) in the province by 2022. The Municipality managed to increase their rating from 5.1 in 2016 to 5.9 in 2018. Mr Wünker confirmed that the Municipality is “still working very hard in all kinds of areas to get the quality higher”. In his opinion, the rather low rating indicates that the appreciation of companies is not that high, even within the Oldambt Municipality building itself. Therefore, he puts effort into making the organisation understand the importance of a company. He underlines that companies are not just providing work, but they also have a social aspect by supporting sports clubs, events, and similar.

To address this problem, Mr Wünker wants to invite some entrepreneurs into the Municipality building to discuss the measures the Municipality is taking and providing them with the opportunity to give their input. Ultimately, the alderman commented, the Municipality is making the rules for them. So, if entrepreneurs are given a chance to provide their input right away, then he believes, the rules will probably be better. He would like the entrepreneurs to understand that the Municipality is facilitating a service organisation and that entrepreneurs are appreciated for everything they do in Oldambt. However, he understands that there is still more work required.

Analysis

The IHKN (2017) advises creating a sustainable start-up environment through education by teaching the topics of entrepreneurship and business from early on in school. In Oldambt, the percentage of the total number of pupils (12-23 years old) who leave education prematurely was reduced from 3.4 per cent in 2008 to 2.2 per cent in 2017 (WSJG, 2019h). This shows that Oldambt's education is improving. Oldambt's educational system successfully considers each student's skills and desires while also preparing the students for what is needed in the market. However, with a national average of 1.9 per cent school leavers in 2017, Oldambt's education was still slightly below the Netherlands' average in 2017 (WSJG, 2019h). Furthermore, the IHKN (2017) asked for more appreciation for entrepreneurship in economic policies, administration, and schools. This can be achieved through a more intensive dialogue between entrepreneurs on the one hand and schools, universities, governments, and administrations on the other hand. The experts expressed that the appreciation for companies and entrepreneurship is rather low within the community and the Municipality itself. The Municipality is planning to change this by inviting business owners to contribute to discussions.

The following segment concludes the study's main findings.

5. Conclusion

The ultimate object of this study was to investigate which measures business owners, and the Oldambt Municipality could take to increase the SMEs' business succession rate in Oldambt gradually. After having analysed the findings, the following paragraphs conclude the most relevant aspects of this study.

Oldambt's low business succession rate is caused by the region's ageing population, which will lead to more business successions and fewer young people to take over businesses. Additionally, the highly competitive landscape requires higher entrepreneurial skills to take over a business, and young people tend to prefer taking other opportunities than to take over their parents' business. Furthermore, emotional barriers tend to hold business owners back from planning their succession sufficiently.

Business succession process

As presented below, this study has shown that Oldambt's business owners apply most of the stages of the business succession process, but there are several measures that they could take.

Concerning the first stage, ground rules, and first steps, the respondents fulfilled the first two components, which are determining selection criteria, and identifying a range of potential successors. The respondents need to improve regarding setting a time frame but are further ahead than business owners in Lower Saxony. Oldambt's business owners tend not to have a leadership or ownership partition plan and are required to take several measures to find a successor, which leads to the process being non-transparent and time intensive.

Regarding the second stage, training of the successor(s), it was revealed that the majority of business owners do not recognise the importance of successor training. They should understand that successor training is a crucial stage for the successor to be successful.

In terms of the third stage, the selection, a reasonable number of business owners already found a successor, considering the respondents' average age. Nevertheless, the business owners need to start considering the firm fit and the design of a legitimate process throughout the selection stage. Further, it was reported that just a few respondents have a binding succession plan. Thus, with no legal prove, business owners tend to expose themselves to the risk that the successor could change his mind about the takeover. In addition, it was found that Oldambt's business owners tend to find their successor

significantly more frequently outside of their family and company than business owners in Lower Saxony.

The last stage, the hand-off process highlighted that business owners initiate the hand-off rather late. They should initiate the hand-off no later than 12 months before. Also, business owners should start making use of a performance bridge during the hand-off process. The business owners' main objective with the handover is the continuity of the company and the securing of jobs. Nevertheless, the objective of achieving a high selling price is significantly more important for business owners in Oldambt than for those in Lower Saxony, implying that Oldambt's business owners tend to be dependent on achieving a high selling price to secure their pension.

Reflecting on the business succession process, the business owners identified the successor search as their biggest challenge. Entrepreneurs want to see improvements regarding the support of the municipality in the number and actuality of laws and regulations, understanding and interest in businesses, equal treatment of all companies, providing a transparent platform for business succession, encouraging business growth, and change in the internal structure of the Municipality.

Support from the Oldambt Municipality

As discussed below, the results of this study suggest that business succession is a little-acknowledged issue in the Municipality, and there are several measures which the Oldambt Municipality could take.

In terms of the financial condition, more support is given to start-ups than to business succession. There is no fund specifically for succession support, but it might be in the discussion. So far, there is no special plan or direct assistance for business succession due to a lack of money in the Municipality. Also, lenders are moving away from Oldambt, and investors tend only to provide loans in their network. There are no tax exemptions during the business succession process, also not for investments by employees in their own companies. The experts named taxes and costs in general as the main reasons why entrepreneurs are more interested in opening a start-up than in taking over an existing business.

Considering the concept of a transparent market, there is no online platform available in Oldambt that connects business owners with potential successors free of charge. In the future, this could be implemented on the Municipality's website or other websites which are frequently used by entrepreneurs. However, for such a database, anonymity must be provided so that rumours can be prevented in the community.

Regarding communication, the Municipality is in contact with individual entrepreneurs through the various business associations, the local newspaper, and the Municipality's website. The Municipality has no information about the entrepreneurs' age and is therefore not able to remind them about timely succession planning. Nonetheless, the Municipality started to connect with start-ups and liquidated companies so that eventually the Municipality has access to more information from companies.

Oldambt's educational system manages to consider each student's skills and desires while also preparing the students for what is needed in the market. However, the appreciation for companies and entrepreneurship is rather low within the community and the Municipality itself. For this, the Municipality should invite business owners to contribute to discussions that affect their way of doing business.

The following recommendation answers the sixth sub-question, what actions both Oldambt's business owners and Oldambt's Municipality could take to increase the SMEs' business succession rate gradually.

6. Recommendations

This study has researched which measures business owners, and the Oldambt Municipality could take to gradually increase the SMEs' business succession rate in Oldambt, the Netherlands. When considering the findings of this research, several action points can be identified for the business owners and the Municipality to increase the business succession rate.

6.1 Measures for Oldambt's business owners

Next to determining selection criteria and identifying a range of candidates, the business owners should also realise the importance of setting a time frame about when the transition process should take place and the need to have an idea about the leadership or ownership partition plan. Since Davis (1992), Dyck et al. (2002), and Shulman (1991) suggested that businesses should start thinking about transferring ownership and managerial responsibility five to 20 years in advance, the researcher advises for Oldambt's business owners to start with the first stage, ground rules and first steps, when they are 45 years old, and they should complete it before they turn 55 years old.

Regarding the training of the successor(s), Goldberg (1996) identified that effective successors have more years of experience with the business than the less effective successors. Thus, business owners should aim to close the gaps between the successor's abilities and the company's needs. Business owners should develop some sort of training programme for the successor. Continuous performance monitoring is needed to determine which candidates perform the best and if training needs redirection. This stage should be completed when the business owners are between 55 and 60 years old.

From 57 to 62 years, business owners should complete the third stage, the selection of the successor(s). In this stage, it is important for the business owner to ensure that there is a fit between the company and the successor. Additionally, the business owner should establish a binding succession plan with the successor to avoid that the successor changes his/her mind shortly before the transfer.

Furthermore, the DIHK (2018a) argued that business owners should initiate the hand-off process no later than 12 months before the transfer. Thus, business owners should complete the hand-off process when they are between 62 to 65 years old. Also, it is recommended for business owners to establish a performance bridge during the hand-off process, for the business to transition smoothly.

Table 6.1 provides an overview of the measures business owners could take to increase the business succession rate gradually.

Stages of the business succession process	Checklist of actions	Timeframe
Ground rules and first steps	<ul style="list-style-type: none"> ✓ Set a time frame ✓ Have an idea about the leadership or ownership partition plan 	From 45 to 55 years old
Training of the successor(s)	<ul style="list-style-type: none"> ✓ Close the gaps between the successor's abilities and the company's needs ✓ Develop some sort of training programme for the successor ✓ Continuous performance monitoring 	From 55 to 60 years old
Selection of the successor(s)	<ul style="list-style-type: none"> ✓ Ensure that there is a fit between the company and the successor ✓ Establish a binding succession plan 	From 57 to 62 years old
Hand-off process	<ul style="list-style-type: none"> ✓ Phasing out of the incumbent, the augmenting of the role of the new CEO ✓ Establish a performance bridge 	From 62 to 65 years old

Table 6.1: Action list for Oldambt's business owners

The researcher suggests that in 5 years, by 2024, this research should be repeated. For this, business owners with a similar profile and similar company characteristics should be interviewed to evaluate which parts of the business succession process they apply. The new study could be used to compare this research result and to measure if Oldambt' business owners took the suggested measures.

Most of the interviewed business owners hoped for more support from the Municipality regarding their business succession process. After having interviewed members of the Oldambt Municipality, the following paragraphs suggest measures that the Oldambt Municipality could take to increase the business succession rate.

6.2 Measures for Oldambt's Municipality

The Municipality should take measures to equalise the financial support given to start-ups and business transfers. For this, discussions with banks, investors and lenders could be initiated so that in the future, facilities, loans, guarantees and similar will be available not only for start-ups but also for business transfers. Additionally, the Municipality should commit to a transfer-friendly tax system. For this, it

should be evaluated if tax exemptions can be implemented for investments by employees in their own companies or the gains from the sale of a business if the owner is approaching retirement age.

Since the business owners identified the successor search as their biggest challenge, the Municipality should facilitate a transparent market by implementing a database similar to the German example nnext-change.org where business owners can communicate with entrepreneurs who are interested in taking over a business, free of charge. This could be implemented on a separate website, on the Municipality's website or on another website that is frequently used by entrepreneurs. For this database, users must be able to communicate anonymously so that rumours can be prevented in this rather small community.

Moreover, it is recommended for the Municipality to strengthen the cooperation with the Chamber of Commerce. Together, both institutions should implement a reminder service for business owners. This reminder service should automatically send e-mails to business owners as soon as they turn 50 years old. These e-mails will have the main function to inform the business owners for the need of timely succession preparation. Also, these e-mails should provide a summary of steps that the business owners should initiate and refer to possible contact persons for support.

Lastly, to raise the appreciation for entrepreneurship and businesses within the community and the Municipality itself, the Municipality should get more involved with business owners. Business owners should be invited to the Municipality three to four times a year to discuss restrictive and/ or unnecessary regulations that stand in the way of business. The Municipality could also act by intensifying business contacts through company visits and setting up a consultation hour and/ or session, facilitating equal treatment of all companies.

Table 6.2 summarises, which measures the Oldambt Municipality could take to increase the business succession rate gradually and prioritises the measures by providing a timeframe.

Measures	Checklist of actions	Timeframe
Financial condition	Equalise the financial support for start-ups and business transfers:	
	✓ Initiate discussions with banks, investors, and lenders to enable access to start-up facilities, loans and guarantees for start-ups, and business transfers	Start immediately, complete by 30 th Nov. 19 (5.5 months)
	Commit to a transfer-friendly tax system:	

	✓ Evaluated if (partial) tax exemptions can be implemented for investments by employees in their own companies or the gains from the sale of a business if the owner is approaching retirement age	1 st Dec. 19 to 31 st May. 20 (6 months)
Transparent market	Implement a database (see nexxt-change.org) where business owners can communicate with potential successors, free of charge:	
	✓ Find a platform for the database (a separate website, the Municipality's website or another website that is frequently used by entrepreneurs)	1 st Jun. 20 to 31 st Aug. 20 (3 months)
	✓ Organise the database and allow for the users to communicate anonymously	1 st Sept. 20 to 28 th Feb. 21 (6 months)
	✓ Promote and publish the website	1 st Mar. 21 to 31 st May. 21 (3 months)
Communication	Reminder service in cooperation with the Chamber of Commerce:	
	✓ Create a "business succession process" document, listing the essential steps of the business succession process and possible contact persons for support (include it in the database)	1 st Jun. 20 to 30 th Nov. 20 (6 months)
	✓ Organise an automatic e-mail service that can e-mail business owners as soon as they turn 50 years old	1 st Jun. 21 to 31 st Mar. 22 (10 months)
	✓ Implement the sending of an e-mail to business owners of 50 years that include a "business succession process" document with steps to be initiated and contact persons for support	On 1 st Apr. 22, continue in the long-term
Education	Raise the appreciation for entrepreneurship and businesses:	
	✓ Invite a group of business owners to discuss restrictive and/or unnecessary regulations three to four times a year	Start immediately, continue in the long-term
	✓ Intensify business contacts through company visits and setting up a consultation hour and/ or session	

Table 6.2: Action list for Oldambt's Municipality

Note. Red = first priority, Yellow = second priority, Green = third priority.

To measure the impact of the recommendations, the researcher suggests that in 5 years, by 2024, a similar study could be conducted where business owners with a similar profile and company characteristics should reflect on their perceived support from the municipality regarding their business succession process. The new research's result could be compared with this study's findings and could measure if the business owners feel more supported, implying that the Municipality took the

suggested measures. Furthermore, in the long-term, an increase in the number of business establishments could serve as a measurement to evaluate if Oldambt's business owners and the Municipality applied the suggested recommendations.

The following segment provides suggestions for a follow-up research of this study.

6.3 Follow-up research suggestion

To enhance the validity and to be able to generalise this study's results, more structured interviews with business owners in Oldambt could be conducted. Further, more research regarding the development of neighbouring Municipalities could be conducted so that comparisons can be drawn. Due to time constraints, the researcher was not able to consider the behaviours of other Municipalities in this study. Besides, it was indicated in the literature review that the business succession process is influenced by the FOB context, the family context, the industry and the social context. The scope and timeframe of this research did not allow the consideration of these contexts. However, the influence of these contexts on Oldambt's business succession process could be investigated in future studies.

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Appendices

Appendix A: Grey print (65+ compared to 15-64 years) – Oldambt

Year	Oldambt	The Netherlands
2008	27.6	21.8
2009	28.2	22.3
2010	29.0	22.8
2011	29.9	23.3
2012	31.5	24.4
2013	33.2	25.5
2014	34.4	26.4
2015	35.7	27.2
2016	36.8	27.8
2017	37.6	28.4
2018	38.4	29.0

Table A1: The ratio between the number of people aged 65 years or older and the number of people aged 15 to 64 years of Oldambt, 2008-2018

Note. Information derived from WSJG (2019b).

Appendix B: Total population – Oldambt

Year	Total population	Population decline
2008	39,606	
2009	39,565	-41
2010	39,486	-79
2011	39,396	-90
2012	39,095	-301
2013	38,748	-347
2014	38,560	-188
2015	38,420	-140
2016	38,228	-192
2017	38,108	-120
2018	38,075	-33

Table B1: Total population (decline) in the Municipality of Oldambt (2008-2018)

Note. Information derived from WSJG (2019c).

Appendix C: Total business establishments – Oldambt

Year	Total number of business establishments	Growth of business establishments
2008	2,450	
2009	2,520	70
2010	2,500	-20
2011	2,870	370
2012	2,850	-20
2013	2,820	-30
2014	2,770	-50
2015	2,730	-40
2016	2,670	-60
2017	2,750	80
2018	2,890	140

Table C1: Total business establishments and growth of business establishments in Oldambt (2008-2018)

Note. Information derived from WSJG (2019d).

Appendix D: Total number of establishments per industry – Oldambt

Year	Establishments Agriculture (number)		Establishments Industry (number)		Establishments Trade (number)		Establishments Business services (number)	
	Oldambt	Netherlands	Oldambt	Netherlands	Oldambt	Netherlands	Oldambt	Netherlands
2008	230	82,760	360	175,550	680	243,250	690	400,770
2009	210	81,520	380	186,840	670	245,690	740	435,260
2010	210	80,880	360	188,730	650	249,020	720	459,930
2011	240	78,680	430	193,010	720	253,810	820	483,020
2012	240	77,230	430	195,110	700	252,690	830	495,990
2013	240	76,360	420	195,980	700	252,440	810	513,370
2014	240	75,680	400	197,570	680	253,670	810	529,620
2015	240	75,860	380	202,620	660	257,030	810	547,520
2016	240	76,210	380	211,570	640	261,090	790	575,500
2017	240	76,020	390	217,310	650	261,440	810	592,390
2018	240	76,220	440	230,120	650	265,130	840	622,150

Year	Establishments Collective services (number)		Establishments Other services (number)		Establishments Recreation and tourism (number)	
	Oldambt	Netherlands	Oldambt	Netherlands	Oldambt	Netherlands
2008	320	165,260	170	64,950		
2009	340	193,100	180	69,080		
2010	370	218,570	190	72,590		
2011	440	236,730	220	75,800		
2012	430	250,090	220	77,570	270	110,060
2013	420	262,230	230	79,310	270	115,580
2014	420	274,890	220	81,880	260	120,430
2015	410	287,590	230	84,240	250	124,630
2016	400	303,960	220	87,820	240	131,970
2017	450	320,860	210	90,870	250	138,610
2018	490	343,500	230	94,170	260	145,700

Table D1: Total number of establishments per industry in Oldambt 2008-2018

Note. Information derived from WSJG (2019e).

Appendix E: Structured interview questionnaire design

Section	Factor	Types of questions	Adopted from
Section 1	Introduction (asked for permission to record the interview, ensured confidentiality, the researcher presented herself and the study's objective)		
Section 2	Question 1: <ul style="list-style-type: none"> - Demographic questions (age and gender) - Company related details (Legal form, number of employees and industry) 		A survey by the Chamber of Commerce in Lower Saxony, Germany (IHKN, 2017)
Section 3	Business succession process	Question 2 <ul style="list-style-type: none"> - Time until transfer Question 5: <ul style="list-style-type: none"> - the biggest (expected) challenges 	A survey by the Chamber of Commerce in Lower Saxony, Germany (IHKN, 2017)
		Question 6 (open question): <ul style="list-style-type: none"> - perceived support from the Municipality 	Integrative Model for Successful FOB Successions (Le Breton-Miller et al., 2004)
Section 4	Ground rules and first steps	Question 3: <ul style="list-style-type: none"> - Setting selection criteria - identifying a range of candidates - setting a time frame - having an idea about the leadership or ownership partition plan 	Integrative Model for Successful FOB Successions (Le Breton-Miller et al., 2004)
		Question 7: Measures for the successor search	A survey by the Chamber of Commerce in Lower Saxony, Germany (IHKN, 2017)
Section 5	Training of the successor(s)	Question 3: <ul style="list-style-type: none"> - having some sort of training programme - putting effort into closing the gaps between the company's needs and the successor's abilities - personal interaction Question 9 (Parallel question): <ul style="list-style-type: none"> - Plan to develop/train the successor(s) before the transfer 	Integrative Model for Successful FOB Successions (Le Breton-Miller et al., 2004)
Section 6	Selection of the successor(s)	Question 3: <ul style="list-style-type: none"> - selection of the Chief Executive Officer (CEO) 	Integrative Model for Successful FOB Successions (Le Breton-Miller et al., 2004)

		<ul style="list-style-type: none"> - consideration of the firm fit - design of a legitimate selection process <p>Question 10 (Parallel question):</p> <ul style="list-style-type: none"> - Set a legitimate selection process 	
		<p>Question 11:</p> <ul style="list-style-type: none"> - Set a binding succession plan <p>Question 8:</p> <ul style="list-style-type: none"> - Selected successor within the family/ within the company/ outside the company 	A survey by the Chamber of Commerce in Lower Saxony, Germany (IHKN, 2017)
Section 7	Hand-off process	<p>Question 3:</p> <ul style="list-style-type: none"> - incumbent phase out - CEO phase in - Performance bridge 	Integrative Model for Successful FOB Successions (Le Breton-Miller et al., 2004)
		<p>Question 4:</p> <ul style="list-style-type: none"> - the most important objective with the business succession <p>Question 12:</p> <ul style="list-style-type: none"> - form of company transfer (sale/ lease/ donation) 	A survey by the Chamber of Commerce in Lower Saxony, Germany (IHKN, 2017)
Section 8	Closure (Appreciation for the participation in the study, ensured that a copy of the final report would be sent to every participant via e-mail by the end of June)		

Table E1: Design of the structured interview questionnaire

Note: The questionnaire aimed at answering research question 4, 4.1, and 4.2.

Appendix F: Structured interview questionnaire

Participation in the survey is voluntary. The information will be kept strictly confidential; the results are stored and published only in an anonymous form.

1. Information about the person/company (IHKN, 2017)

Age of the entrepreneur: _____ Number of employees: _____

Sex: ☐ m ☐ f Industry: _____

Legal form: _____

2. When do you want to transfer your company? (IHKN, 2017)

- | | |
|---|---|
| <input type="checkbox"/> in less than 1 year | <input type="checkbox"/> not at all |
| <input type="checkbox"/> in 1 to 5 years | if not at all, why? |
| <input type="checkbox"/> in more than 5 years | (answers to questions 3 to 12 are not required) |

3. What measures have you already taken to prepare for the handover of the company? (Le Breton-Miller et al., 2004)

Ground rules & 1st steps:

- ☐ Selection criteria
- ☐ Identifying range of candidates (family, extern)
- ☐ Leadership or ownership partition plan (are tasks/ ownership divided?)
- ☐ Time frame & timing

Nurturing/ Development of successor:

- ☐ Gaps between needs & prospective successor abilities
- ☐ Training programme (e.g., formal education programme or apprenticeship)
- ☐ Personal interactions in the successor preparation

Selection:

- ☐ Design of a legitimate process (Final selection criteria, Selection committee)
- ☐ Person (talents, desire) and firm fit
- ☐ Selection of the CEO and Top management team

Hand-off/ Transition Process/ Installation & Transfer of capital:

- ☐ Incumbent phase out/ transition
- ☐ Successor phase in
- ☐ Bridge for the performance of the successor

4. What is the most important objective with the business succession for you? (IHKN, 2017)

(Prioritization needed – select only one)

- ☐ Continuing the company and securing jobs
- ☐ Achieving a high selling price
- ☐ Corporate social responsibility
- ☐ Other, namely: _____

5. What are the biggest (expected) challenges for you at the handover? (IHKN, 2017)

(Prioritization needed – select only one)

- ☐ Successor search
- ☐ Determination of the company value
- ☐ Achieving a reasonable sales price
- ☐ Purchase price financing by the buyer
- ☐ Family aspects, namely: _____
- ☐ Tax aspects, namely: _____
- ☐ Other, namely: _____

6. Would you say that the Municipality of Oldambt supports business owners sufficiently with their succession? (Le Breton-Miller et al., 2004)

☐ Yes ☐ No

Why? _____

7. What did you do to find suitable successors? (IHKN, 2017) (Multiple answers possible)

- ☐ no activities yet unfolded
- ☐ Conversations with family and/or friends
- ☐ Conversations with fellow shareholders and/or employees
- ☐ Conversations with other entrepreneurs/competitors
- ☐ Discussions with consultants (tax consultant, lawyer, Chamber of Commerce, etc.)

☐ Talking to banks

☐ Miscellaneous, namely: _____

8. Whom should the company be handed over to? (IHKN, 2017)

☐ within the family

☐ Son

☐ Daughter

☐ Others: _____

☐ outside the company

☐ Founder

☐ Competitor

☐ Financial investor

☐ Others: _____

☐ within the company

☐ Co-partner

☐ Employees

9. Are you planning to develop/train your successor before the transfer? (through a transfer of knowledge, etc.) (Le Breton-Miller et al., 2004) – Parallel question

☐ Yes ☐ No

10. Did you set a legitimate selection process? (Le Breton-Miller et al., 2004) – Parallel question

☐ Yes ☐ No

If so: How? (Multiple answers possible)

☐ by setting selection criteria that the successor should fulfil

☐ by establishing a selection committee (Jury, rules)

☐ Other: _____

11. Have you already made a binding succession plan? (IHKN, 2017)

☐ Yes ☐ No

12. How should the company transfer take place? (IHKN, 2017)

☐ not decided yet

☐ sale

☐ lease

☐ Donation / anticipated inheritance

☐ Miscellaneous, namely: _____

Appendix G: Transcribed open question

1. I am only in contact with the municipality when there are questions concerning the property, for example when you want to build a new building or extent a building (pause) **not about the succession** itself.

2. The Oldambt municipality does not do much. The municipality mostly helps people to find employment, but **they do not help business owners with finding a successor**.

3. **We do not receive any support from the municipality**. The municipality worries too much about licenses. They **make it very difficult to expand the business and do not encourage business growth**. We will leave Oldambt if it continues this way. I am already thinking about moving this business to Westerwolde. There, they would welcome me with open arms. Personally, I already moved out of Oldambt last year (pause), only because of the local government. I wanted to build in Oldambt, and I had the land and everything, but **it did not go through because of licensing** (pause, shaking head). The (Oldambt) municipality has a lot of potential, but the **structure needs to change**. The municipality **should show more interest in businesses**. I am convinced that the municipality prioritizes bigger companies.

4. I am **not in contact with the municipality**. It would be great if the municipality could **implement something that makes it easier for potential successors to contact me**.

5. (Shaking head, laughing, then pause) The ground is very expensive and there are no possibilities here. There are some very old buildings here. I want to build here in Winschoten, but it is just too expensive. The other problem is that many big companies are leaving. They go to Groningen or even to Germany. The people from the municipality have no practical experience and **they do not understand the problem**. There are many opportunities here, and I have many ideas. The municipality lets the people go. Also, there are good schools in Oldambt but there is no work for the high qualified people, so they leave to the bigger cities (pause). We have a great location, right at the highway, and there is a lot of place to build on.

6. (shaking head) The combination of clothing with gastronomy is a new concept. The Oldambt municipality has **a law from around 1885** that says that you cannot have a terrace where you sell alcohol when you also sell clothes. There are exceptions from this law in Rotterdam and in Amsterdam and a few more cities (pause) we would also like to have an exception for our business. The law makers were worried that people will buy more clothes when they are drunk. But we do not sell alcohol to drunk people. Also, if there were drunk customers, they would return the bought clothes the next day either way. In 1885, there was no possibility for customers to return bought clothes within 14 days. So, **the law is out of date, it does not apply anymore**

No contact regarding succession

No help regarding succession

No help regarding succession

Prevent business growth

Too many laws

Need of structural change

Disinterest in businesses

Unfair treatment of small companies

No contact regarding succession

Need of transparent platform

No understanding for businesses

Outdated laws

and should be changed (pause). I do not think that this is fair. That in some places you are allowed to have a terrace and in Oldambt you cannot do it. The municipality is years behind. I asked for help at the Entrepreneur Factory in Winschoten, but they could not help me. I also gave suggestions to the municipality. I explained them that in Deventer there is the same kind of business with clothing and alcohol. But that business has a back entrance which they never use but it is there. Because of that back entrance, the Deventer municipality agrees with the business concept. Unfortunately, the Oldambt municipality does not agree with the concept of a back entrance either. We have a back entrance and an alley from the neighbour that we can use. But the municipality does not value this (pause). The municipality has too many rules and sees too many problems. I went to the municipality and the person I talked with said that there is still article five. I also talked with a councillor to talk about the exception zones and I got the response that they are working on it. I do not understand why the municipality has to introduce a regulation just to get rid of an old regulation. The municipality does not understand that an exemption from this law would encourage young entrepreneurs to launch businesses.

7. We are very small (her business), we do not have problems with the municipality. A while ago, we needed a permit for extending the building but that was no problem at all. It was solved very quickly. I would not know how they can help me with the handover.

8. I do not have contact with the municipality (pause). But I also do not know how the municipality could support me. I know that the municipality does organize events for entrepreneurs where it is discussed what can be improved.

9. I do not think that support from the municipality is needed. I live with my wife in another municipality and there, I know, the municipality visits businesses every couple of years. But here (his company), I have never seen anyone from the municipality (laughing).

10. I had bad experience with the municipality. The municipality is often in my way (pause), they (the municipality) just make business more difficult for me. I can tell you something from my experience. I wanted to rent out a part of my property to another entrepreneur but every time (pause) whenever I found someone who is willing to rent the property, the municipality does not agree with it (long pause). One time, there was an entrepreneur from the health industry who also offered physiotherapy, but the municipality said that that kind of business would not fit into this area (shaking head). Another time, I found an entrepreneur who wanted to sell furniture at my property. That entrepreneur had his warehouse close by, just 200 meters from here. So, it would have been perfect for him to sell his furniture on my property. But, again, the municipality said that it would not fit into the area. This happened to me five times in total

Unfair treatment of small companies

No understanding for businesses

Too many laws

Prevent business growth

Satisfied

No contact regarding succession

No contact regarding succession

Help is provided

No help needed

No contact regarding succession

Prevent business growth

Too many laws

(Shaking head, leaning back). **It bothers me that I cannot rent my unused space to the people I want. I believe that the municipality has too many rules that entrepreneurs do not understand.** The municipality has close relationships with some property owners and prioritizes these people's wishes. Business owners who are not in this friendship circle have disadvantages.

11. I cannot really say 'yes' or 'no' because **I would not know how the municipality can support me with my succession.**

12. I want to continue my business. So, **this does not apply to me.**

13. **I do not need support with my follow-up right now (laughing, meaning that he is too young)**

14. No, **I do not feel supported** (with his succession, he could not elaborate it).

15. **I have not talked with the municipality about my succession yet.**

16. **I work in a franchise business. So, this does not apply to me.**

No understanding for businesses

Unfair treatment of small companies

No contact regarding succession

No help needed

No help needed

No help regarding succession

No contact regarding succession

No help needed

Interviewee	General comments	Why do you feel supported/ not supported?	What needs to change?
Mrs A (51 years) Agriculture	No contact regarding the succession		
Mr B (68 years) Gastronomy	they do not help business owners with finding a successor		
Mr C (52 years) Logistics	do not receive any support from the Municipality	Municipality prevents business growth, Too many laws, Unfair treatment of small companies	Need for structural change, should show more interest in businesses
Mrs D (56 years) Healthcare	No contact regarding succession		Need for a transparent platform to find a successor
Mr E (46 years) Logistics	No contact regarding succession	No understanding of businesses	
Mr F (51 years) Gastronomy	No support	Outdated laws, Unfair treatment of small companies, no understanding for businesses, too many laws, Prevent business growth	

Mrs G (62 years) Pet care	do not have problems with the Municipality		
Mrs H (59 years) Healthcare	No contact regarding succession but they do offer support for entrepreneurs		
Mr I (55 years) Logistics	No help needed, No contact regarding succession		
Mr J (72 years) Automobile Restoration	The Municipality does not help me	They make business more difficult, Prevent business growth, Too many laws, No understanding for businesses, Unfair treatment of small companies	
Mrs K (58 years) Healthcare	No contact regarding succession		
Mr L (59 years) Consultancy	No help needed		
Mr M (44 years) Healthcare	No help needed		
Mr N (63 years) Consultancy	No, I do not feel supported		
Mr O (58 years) Agriculture	No contact regarding succession		
Mrs P (57 years) Funeral Services	No help needed		

Table G1: Coded open question

Appendix H: Semi-structured interview guide

Concepts	Discussion topics
Intro (Thanking for time to meet, the researcher presents herself and the study's objective, asking for permission to record the interview, indicating that the interview will take about 45 minutes, with 10 questions asked)	
Introduction discussion: Importance of business succession for Oldambt	
The European Commission and the Chamber of Commerce in Lower Saxony, Germany indicated that from a political perspective, there is more work to do to facilitate successful business transfers of small and medium-sized enterprises (SMEs). I would like to hear your opinion about the performance of the Oldambt Municipality in the following matters:	
Financial condition	Attention given to start-ups (e.g., through promotions) in comparison to the attention given to business transfers
	Equal financial conditions (e.g., access to facilities, loans, and guarantees) for start-ups and business transfers
	Transfer-friendly tax system (e.g. (partial) income tax exemptions for the gains from the sale of a business are considered if the owner is approaching retirement age; special reliefs for proceeds that are re-invested into another business or used to finance the retirement of the business owner)
	Encouragement to sell businesses to employees (e.g., tax exemptions for investments by employees in their own companies)
Transparent market	Availability of a transparent market for business transfers to match potential successors with incumbents
Communication	Supporting activities for business transfers (e.g., mentoring schemes or awareness raising campaigns such as processes that remind business owners of the need for a timely succession preparation)
	Quality of infrastructure for business transfers (e.g., possibility to reach every business that is facing a transfer)
Education	Appreciation for entrepreneurship (e.g. in economic policies, administration, and schools)
	Sustainable start-up environment through education (e.g., the topics of entrepreneurship and business are taught from early on in school)
Closing (Thanking for participation, communicating that a copy of the final report will be sent to the participants via e-mail by the end of June)	

Table H1: Semi-structured interview guide

Appendix I: Semi-structured interview transcripts

Interview transcript from the semi-structured interview with Erich Wünker

Intro (Thanking for time to meet, asking for permission to record the interview, indicating that the interview will take about 45 minutes, with ten questions asked)

Researcher: Can you tell us a little bit about yourself, your background, which role do you have within the municipality and since how many years?

Alderman: I have been an entrepreneur myself almost from my 20s until last year. I have been council member for four years, and last year in May (2018) we had local elections and I was elected as one of the four aldermen in Oldambt. One of my subjects is the economic development of Oldambt together with sports, tourism and the labour market, are my expertise. So, I am working for a year now, still learning every day what is going on around me but I hopefully can give you all the answers you need and if I do not, I will ask and maybe send it later to you. I will do my best.

1) Is succession of businesses important for Oldambt? Why?

Alderman: Yes, and why, because there are a lot of family businesses in Oldambt and Oldambt needs the smaller businesses, SMEs, because we do not have multinationals within Oldambt. So, (pause) if a family business closes down or there is no successor in any other business and the shop closes down there will not be easily found new ones. Its very a kind of strategy developed by the shop owners as well as in our responsibility as well, as a community.

Researcher: The European Commission and the Chamber of Commerce in Lower Saxony, Germany indicated that from a political perspective, there is more work to do to facilitate successful business transfers of small and medium-sized enterprises (SMEs). I would like to hear your opinion about the performance of the Oldambt municipality in terms of the following aspects:

2) What would you say about the attention given to start-ups (e.g. through promotions) in comparison to the attention given to business transfers?

Alderman: Actually, we started working with the Entrepreneurs Factory. So, what we did was, we discovered more or less with the municipality that we have a small kind of skills which are linked to the municipality. We are not able to help business owners with marketing, or with succession, or with tax-paying formula etc., that is not our task. What we did is, we looked together in the market place and Mr. XY from the Entrepreneurs Factory was developing his idea about advising etc. and he had a kind of tool in which he supported our basic skills as a municipality. So, we can now offer to the business owners in our place not just our skills but as well working together with the Entrepreneurs Factory, giving them more broad pallet or all kinds of support with which we hope that starters as well as current business owners as well as people looking for succession can be supported. But, it is not just within the municipality. So, our skills are not enough to support the business succession (pause).

Researcher: But you can refer the people to experts?

Alderman: Yes, what we did was that we made a deal with the Entrepreneurs Factory, pay Mr XY a certain amount of fee, so, he is able to help us in the areas where we are not capable of helping the business owners.

Researcher: Would you say the support is equal, for start-ups and for business transfers or is there a difference?

Alderman: No, I think it is equal, although, with start-ups then we also have to point out that we are working with schools, like Hanze. So what we try to do is also to find ways to support schools, so start-ups more or less, young people who are looking for businesses. To help them get connections with SMEs so that they learn first in cooperation with business owners and then later maybe start a business themselves. We also have an Innovation-working-place which is an area where students come together and do projects for businesses in our area. So, people like you come over here and make projects for businesses that work internationally as well. So, we have German students coming here and we send Dutch students to Germany as well. So, in that way, we also try to work together. So, maybe the balance is a little bit more shifting towards the start-ups. But on the whole, I think we are doing a lot to support all different stages.

- 3) What can you say about the financial conditions? Would you say that start-ups and business transfers have the same access to facilities, loans, guarantees and similar (same budget)?

Alderman: Again, it is not the task of the municipality to support that. So, we do speak to banks Rabo Bank and Abn Amro to try to make them more accessible for the start-ups. Businesses which are a little further in the process of growth or in the succession stage normally do have a relationship with banks and accountants. So, they have support over there I think. But, it is not our task. So, I think it is more with banks and maybe even with the Entrepreneurs Factory that they can support.

- 4) Describe supporting activities for business transfers. Are there any mentoring schemes or awareness raising campaigns such as processes that remind business owners of the need for a timely succession preparation? For example, the European Commission stated that the municipality sends letters to entrepreneurs as soon as they reach 55 years to remind them that they should think about planning their succession.

Alderman: Yes, yes, well it is not what we do with Oldambt, sending letters. What we do is, we work together with MKB Nederland, an organization especially for small businesses in the Netherlands. And, we are working on a programme maybe a little bit similar to the Entrepreneurs Factory, although they are focusing more on succession and they are focusing on marketing, on finance, to have also some kind of support and also coaching and mentoring people in 55 and older, in their last phase of their working life and looking for people to maybe succeed.

Researcher: And that is already possible?

Alderman: (laughing) No, last year, or last half year we have been working on that. We invited a lot of business men from Oldambt to discuss what we need, what information we require, what information is lacking. And after 2,5 hours of discussing, MKB Nederland had enough input to develop a programme specific for that target group so to say. And what I have heard is that they are now looking for people to be their coaches, for MKB Nederland, to come over here and help the business owners with marketing, finance and succession. As soon as that programme is available,

MKB Nederland and probably also from the Municipality Oldambt will contact the Ondernemersvereniging (Business Association), there are a few of them and those are all in contact with the individual business owners. That is the communication channel we use. We have a newspaper called Oldambster. In the Oldambster we put everything that could be interesting for entrepreneurs. Everybody gets that newspaper, that is also a communication channel. And, we also have our website of course. Then, you have to be proactive yourself

- 5) In Germany, the website www.nexxt-change.org provides a transparent market for business transfers to match potential successors with incumbents. What do you think about this? Do you believe that something similar can be implemented in Oldambt?

Alderman: Yes, I heard about the website. We also have it in the Netherlands. Or there used to be, I think there still is. There is some kind of databank I think they call it. It is a databank in which you can put if you want to sell your company. That is more or less what it is all about. You have a company in leisure or you have a company in restaurants, or whatever, all different sectors, then you can say I have a business and the asking price is EUR 300.000, I am interested, it is in the city of Oldambt, in Winschoten, number, and then you can react. Something like that. But, that already exists in the Netherlands. But it is not, again, not the first task of Oldambt. So, maybe it is an idea for the future. To implement it on our website, which could be. There is also an initiative from the entrepreneurs themselves which is called Winschoten 24. It is a website and they have an announcement over there and news, markets, and events. It could be information on that website as well, maybe, we will have to talk about that.

- 6) What can you say about the tax system for business transfers? Are there any (partial) income tax exemptions for the gains from the sale of a business if the owner is approaching retirement age, or are there special reliefs for proceeds that are re-invested into another business or used to finance the retirement of the business owner?

Alderman: Our municipality does not have a fund to support business succession. But there are a few (pause) but it is not for succession I think. But if you want to start a business or have a new idea or like to expand, then there are LEADER who can make kind of a business plan. You need some co-finance, but then there is a fund which provides you with 40 to 50 per cent of the amount of money you need. And then there are other funds as well which you could use. ADR is one, maybe you heard about it?

Researcher: Yes, but it seems like it is not really available for the succession.

Alderman: Yes, that is right. Yes, there is no specific fund as far as I know for succession support. There is not.

Researcher: Are there possibilities for it?

Alderman: If it is an idea to start a fund to support start-ups to buy a business, an existing business and kind of starting through, is that what you mean?

Researcher: Yes, something like this or at least a succession or takeover, if there are possibilities for it to support it.

Alderman: That is a difficult question. I do not have the accurate answer to that I think. But as far as I know, there is no fund or something like that. The only possibility I see to get some money from an external source is by having a kind of new business plan or an idea for the existing business and make

a start. Otherwise, I do not know, but maybe there are talks with the province about an investment fond, but I do not know. They did not discuss it with me yet.

- 7) Tell us about how far the sale of businesses to employees is encouraged in Oldambt. Are there tax exemptions for investments by employees in their own companies?

Alderman: No, there are no tax exemptions.

- 8) What can you say about the supporting infrastructure for business transfers within the municipality of Oldambt? Does it enable to reaching every business that is facing a transfer?

Alderman: Maybe I should ask the question if the municipality is the first to contact if you want to sell your company. I do not think so. You know what I mean. So, I still have a company of my own, my wife and I. If we want to sell it to a third party, we are not going to the municipality for support. Maybe we go to our accountant or we go to a tax specialist or we go to an office specialised in succession, which there are in the Netherlands. Because it is a very delicate phase of your company. Selling a company is not that easy. And, I did sell a part of our company and it took a year before everything was completed and everything was signed. And all that period, it was very secret. So, and here, in this house (municipality building) they did not know about it no way. Because these walls have ears, so we say (laughing). So, I think, the answer to your question is that entrepreneurs would not go to the municipality for support, at all. They would look somewhere else if they need support. That was your question, right?

Researcher: Yes, but I was also wondering, for example with the idea of sending letters to the entrepreneurs when they reach a certain age, with your software, are you able to see how old an entrepreneur is?

Alderman: Oh no, we are not, no. But what we do and what I have tried to implement in our system here, the internal system is a connection with the Chamber of Commerce. And they have a lot of facilities in their software to get all kinds of information out of their database. So, what we have been trying to do now is first of all to get the information about companies which were liquidated, stopped, and start-ups. So, this is the information we need first because then we can go to them and say ok, thank you for the good cooperation or, welcome in Oldambt, trying to get a connection, relation. And after that, we can get information out of it. How many people work there, who is the owner, what kind of legal form it has. So, that is the information we could get. I do not think it gives us information about the age of the owner. So, but I am not sure. So, sending letters with information from the database because someone is 55 is not possible. I do not think we go there, no. As the municipality, you know? I could understand that an accountant, who is working with a business owner each year is coming up with a plan. For example, in five years' time, where is the company going to be? What is your idea about the company? What are you going to? Yes, but that is not our (pause) it is not part of our skills or possibilities.

- 9) In how far do you think is entrepreneurship appreciated within the municipality (e.g. in economic policies, administration, and schools)?

Alderman: (Laughing) That is almost a political question. I can tell you, we take part in the MKB ankeerte (business appreciation). We do have the ambition to become the MKB vriendelijkste

gemeente (a SME-friendly municipality) in the province in 2022. That is our ambition. So, in 2016, we participated in this survey, it is a survey among the businessmen in Oldambt. We participated in 2018 again and we are going to participate in 2020 and 2022 as well. What they do, they rate us. So, in 2016, the overall rating we got for our service was a 5.1 from 10 as a maximum rating. So, it is below average. So, now, in 2018, we got a 5.9. So we (pause), it is a very good development. And we are still working very hard in all kinds of areas to get the quality higher. So, the aim is to go to 6.5 or higher, even 6.8, whatever. The winner of the competition in Groningen, of all the participating municipalities is Stadskanaal, which is not so far away from here and they got a 7.0. Which is not that high actually, I think. So, overall in this area, the East of Groningen, the appreciation of companies is not that high. Also, in the municipality here in our house as well. So, what I try to do is to get more understanding in our organization for what a company does, what is the importance of a company. They are not just providing work, but they are also supporting sports clubs, they also are supporting events and so on. So, there is a social aspect as well. But the appreciation is not, unfortunately, is not that high. Not high enough, as far as I am concerned.

Researcher: And there are steps taken?

Alderman: Yes, what I try to do is, different steps, of course, one of them is trying to get some entrepreneurs into the organization here just to discuss the measures we are taking so that they can also give their input. Because we make the rules for them. So, if they can give their input right away back, then, the rules will probably be better. And in that way, we try to get our rating up. So, they understand we are facilitating a service organization and that they are appreciated for everything they do in Oldambt. But that is a long road, bumpy road sometimes.

10) In how far do you think that Oldambt encourages a sustainable start-up environment through education? Are the topics of entrepreneurship and business taught from early on in school?

Alderman: Yes, they are. And what we see is that schools are more willing to giving the tools to the students so they can start a company. Not just by giving them the opportunity to work for five months or six months with a company in Oldambt or in the area, but also by giving them the tools in school, learning. Someone who wants to start a brick company does not need to study Latin or Greek, you know? So, the general educational way of giving the tools to the student is changing more into ok what do you like, what are your skills, your potential. And I want to become whatever, then we know what kind of tools you need together with the market. So, the schools tend to go to the market more often to ask the market, what do you need and then come back and transfer the input into the learning. So, the educational programme is changing now. It is not from the inside to the outside, it is from the outside to the inside. So, the input comes from the outside and schools are changing their way of teaching so that students, when they come to the market, can start right away. And there, we have, we as a municipality, do have a small role to support there as good as possible. To talk to schools and try to find connections between the school, the market and the municipality. Two hours I had a meeting with two other people and they told me that there is going to be a new programme starting a new school season where students are working on location with companies two days in a week. Just to learn what is going on in a company, what do we need and so on. And the school is going to use that information as well for their next semester. And that is how we support a little. Just trying to connect, talk about it and so on.

Closing

Researcher: Okay, that was the last question. I have collected all the needed information. Thanks a lot for your cooperation!

Alderman: It is a very interesting area to work in. There are a lot of opportunities and challenges as well. But you have a nice subject. I hope I could help you.

Researcher: Definitely, yes! Thank you very much!

Alderman: If you have any questions left, just send me an e-mail and I will reply.

Research: Ok, perfect, thank you! I will forward you the completed report by the end of June.

Alderman: Oh yes, that is what I wanted to ask, also. Perfect!

A handwritten signature in blue ink, appearing to read 'Wücker', with a horizontal line extending from the end of the signature.

Mr. Wücker

Interview Summary from the semi-structured interview with Mrs Haan-Valk and Mr Dijkhuis

On 11 March 2019, my fellow researcher (Arno Poels) and I interviewed Mrs. Haan-Valk and Mr. Dijkhuis, two account managers for companies in the business counter at the Municipality of Oldambt. Mrs. Haan-Valk has previous experience as a sales and account manager. At the Oldambt municipality, she has a total of five years of working experience, as employer advisor/account manager, and as an account manager for companies. This has contributed to the fact that she has many connections within the municipality when it comes to entrepreneurs. Mr. Dijkhuis has previous experience as an account manager at another municipality. At the Oldambt municipality, he has a total of ten years of working experience, as an account manager, and as an account manager for companies. They are both the first point of contact for entrepreneurs in matters such as start-up, business extension, and policy.

After explaining what we want to investigate within the municipality of Oldambt, we discovered that there is currently no policy with regard to stimulating entrepreneurs, and no direct assistance is offered with takeovers. Mrs. Haan-Valk stated: "We do not have a special plan for succession yet. We talked about it and we tried to get money from other governments. We did not succeed in that yet." The experts indicated that the Chamber of Commerce has a department for this matter and it is mainly arranged nationally.

After discussing the problem of the aging population in Oldambt, both experts confirmed that the high average age is increasingly becoming a problem. Mrs. Haan-Valk emphasised the following: "For a lot of people, their company is their pension. So, if they cannot sell it very well, a lot of people hang in there and wait for something. In the end, they come to us and they try to get a financial solution for their problem. That is of course not what they wanted. It was not their expectation when they were 40 or 50 years old. So, maybe, we have to start to inform them in an early stage, when they are maybe 40 years old and then they can start thinking about it." Until now, the municipality does not have such a 'reminder service' implemented. Entrepreneurs look too late to see whether there is actually a need to track down a successor if they cannot find it within their own network. Both members of the municipality agree that it would be useful if entrepreneurs were informed about the necessity of transferring their company some time in advance. This means that the only solution that the municipality currently has for entrepreneurs who have to give up their business are benefits that help the entrepreneurs to clean up. This is seen as an emergency solution if the entrepreneurs cannot find successors. However, it is true that in this case, the store/company may no longer be reopened.

Further, Mrs. Haan-Valk criticised the following: “Business owners often ask too high prices for loyalty such as the name, or, sometimes in the food sector you have recipes or similar”. She continues that entrepreneurs tend to have “too much goodwill, they ask a lot of money for old materials, chairs and tables”. She is concerned that senior business owners do not consider that as a successor, you want to put your own identity into the company. She concludes that “maybe when they (the business owners) are 40 years we should remind them to keep their expectations low, also”.

After explaining the German website nexus-change.org where business owners can quickly get in contact with potential successors, the experts got asked whether a platform like this could be implemented within Oldambt. Mr. Dijkhuis expressed his concern, saying that “entrepreneurs will not make use of the platform because they want to stay anonymous”. Moreover, he added that “it is possible, but Oldambt is a small area and they do not want people talking”. Both experts indicated that entrepreneurs would rather not let them know in advance that they do not have a successor. This is because entrepreneurs are afraid that people will no longer buy products from them, because it can be finished at any time. In this way, customers can run the risk that they no longer have a guarantee on their products. This also has to do with the fact that the municipality of Oldambt is a very closed municipality where everyone knows each other. It will therefore soon become clear that someone is closing the doors, this will spread throughout the municipality very quickly.

In the past, both account managers have tried to map all family businesses. However, this has not yielded much because there is relatively little support from the province and government. Some companies have the luck factor that one of their children wants to take over, but this is often not the case, they see. In addition, they see that digitization means that old-fashioned family businesses can no longer compete well. Despite the fact that both municipal members are busy applying for an investment fund from the province, they see that many entrepreneurs do not see the need for takeovers, but it is easier to start something yourself. This involves all sorts of practical matters such as starting entrepreneur's allowance and not having to pay the takeover tax. Mrs. Haan-Valk summed up the following: “I think that taxes and cost, in general, are the main reasons why people are more interested in opening a start-up instead of taking over an existing business”. In addition, lenders move away from Oldambt and the remaining investors only provide loans in their own network. For starting entrepreneurs it is therefore quite difficult to start something from the ground.

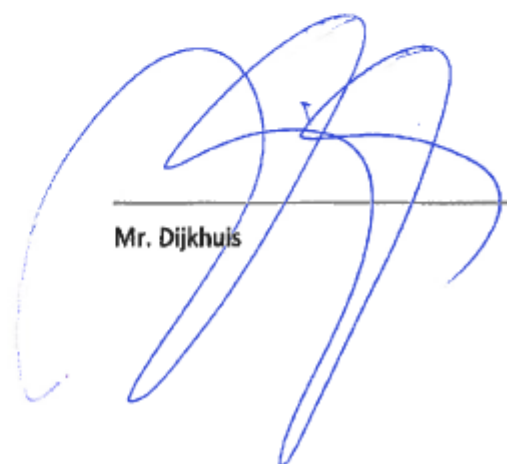
In addition, both experts pointed out that the increasingly poor municipality is another problem. This is due to the withdrawal of all sorts of large companies, with the following examples: the

Steenfabriek, the Kantonfabriek and the Rabobank head office. In addition, the companies that remain tend to need highly skilled staff. The jobs that existed for unskilled workers are therefore becoming rare. Moreover, the experts observed that many young people are moving away to the bigger cities such as Groningen and Rotterdam.

At the end of the interview, Mrs. Haan-Valk explained us that due to privacy regulations, the municipality cannot give us contact information from entrepreneurs. However, both confirmed that entrepreneurs in Oldambt do not like to fill in questionnaires. The municipality regularly sends out questionnaires themselves and only through a lot of effort, phone calls and personal visits, they achieve a response rate of less than ten per cent. From their experience, the entrepreneurs are most likely not willing to provide us with private information, also because the entrepreneurs do not know who we are. Therefore, she recommended us to approach the entrepreneurs in person, to ask very few questions and to be creative.



Mrs. Haan-Valk



Mr. Dijkhuis

Appendix J: E-mail to business owners

Original e-mail in Dutch



Note: It was sent to 404 entrepreneurs who have their headquarters within Oldambt

English translation of the e-mail to business owners

Dear Sir / Madam,

We conduct an investigation into business succession within the Municipality of Oldambt. For that reason, we would like to ask you whether there is the possibility to conduct a short interview.

As fourth-year students at Hanze University of Applied Sciences, we are writing our bachelor thesis for Kenniscentrum NooderRuumte, a company that focuses on practice-oriented research into the built environment in the Northern Netherlands. In our research, we want to look at how improvements can be made with regard to the business succession of small and medium-sized companies in the Municipality of Oldambt. Business succession is a very relevant topic as the European population is ageing, and for that reason, more and more businesses will be transferred to new owners.

If you are interested in discussing this, if possible in the coming two weeks, we would like to hear from you. If interested, we would like to visit; it is also possible to meet at the Ondernemersfactory (Beersterstraat 42, 9671BL, Winschoten).

If you do not have the opportunity for an interview yourself, but you do know someone in your area who might be willing for an interview, then we would like to hear from you. The information collected will be treated in strict confidence.

We look forward to hearing from you.

With best regards,

Appendix K: E-mail to members of the Municipality

Business Succession Research



Gundlach C, Celina <c.gundlach@st.hanze.nl>

09.04.2019 08:29



An: laura.broekhuizen@gemeente-oldambt.nl Cc: Poels A, Arno

*** Dutch Version below ***

Dear Mrs. Laura Broekhuizen-Smit,

We are contacting you to ask if it would be possible to arrange an interview to talk about business succession and what the Oldambt municipality is currently doing to support senior business owners with their succession.

As 4th year students at Hanze University of Applied Sciences in Groningen, we are writing our Bachelor Thesis for the Knowledge Centre NooderRuimte, a company that focuses on practice-oriented research into the built environment in the Northern Netherlands. Our research aims to investigate how the Business Succession Rate of Small and medium-sized enterprises in Oldambt can be improved. We believe that Business Succession is a very relevant subject because Europe's population is aging and therefore more businesses will probably have to be transferred to new owners.

Please let us know if you're available any time within the next three weeks. The interview can be conducted in English or in Dutch. The collected information will be kept strictly confidential and will be published only in anonymous form.

If you are not available for an interview yourself, please let us know in case you can refer us to another expert.

We are hoping for a positive response.

Best regards,